

EXHIBIT E



In the Matter Of:

Drexel

v.

Harleysville Insurance Co.

C.A. # 05-428 (JJF)

Transcript of:

Sherry Clodfelter

August 30, 2007

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

LAYNE DREXEL,)
Plaintiff,)
v.) Civil Action
HARLEYSVILLE INSURANCE CO.,) No. 05-428 (JJF)
Defendant.)

Deposition of SHERRY CLODFELTER taken pursuant to notice at the law offices of Smith, Katzenstein & Furlow LLP, 800 Delaware Avenue, 10th Floor, Wilmington, Delaware, beginning at 10:05 a.m., on Thursday, August 30, 2007, before Kurt A. Fetzer, Registered Diplomate Reporter and Notary Public.

APPEARANCES:

ROBERT K. BESTE, III, ESQ.
SMITH KATZENSTEIN & FURLOW
800 Delaware Avenue - 10th Floor
Wilmington, Delaware 19899
For the Plaintiff

STEPHEN P. CASARINO, ESQ.
CASARINO CHRISTMAN & SHALK
800 North King Street - Suite 200
Wilmington, Delaware 19801
For the Defendant

ALSO PRESENT:

CAREY DANIEL RIDDLE

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| <p>1 SHERRY CLODFELTER, 2 the deponent herein, having first been 3 duly sworn on oath, was examined and 4 testified as follows: 5 EXAMINATION 6 BY MR. BESTE: 7 Q. Good morning, Ms. Clodfelter. Am I 8 pronouncing that right? 9 A. Yes, sir. 10 Q. My name is Rob Beste. I represent the 11 plaintiff, Layne Drexel, in this matter. 12 Have you ever had your deposition taken 13 before? 14 A. Yes, sir. 15 Q. What circumstances led to your prior 16 depositions? 17 A. It was an insurance claim. 18 Q. Have you had it taken once? Is that right? Or 19 has it been more than once? 20 A. More than once. 21 Q. How many times? 22 A. Twice before. 23 Q. Do you know what years those depositions 24 occurred?</p> | <p>1 theft of a couple of parts from two computers. 2 Q. I really only have one ground rule as we go 3 forward. I'm going to be asking you a series of 4 questions, obviously. If at any time you do not 5 understand the question I'm asking you, I would ask 6 you to let me know that. 7 I probably will ask a lot of bad questions 8 here this morning, but if you don't understand me, 9 just let me know and I'll try to clarify what I'm 10 asking you. Okay? 11 A. Okay. 12 Q. Can you give me your name, age and date of 13 birth? 14 A. Sherry Nolia Clodfelter. 15 Q. Could you spell your middle and last names? 16 A. N-o-l-i-a C-l-o-d-f-e-l-t-e-r. 17 My birth date is 3-23-1958. I'm 49 years 18 old. 19 Q. Where do you presently live? 20 A. Mount Juliet, Tennessee. 21 Q. Where do you work? 22 A. Harleysville Insurance Company. 23 Q. Is that in Mount Juliet? 24 A. No, sir. That's in Nashville, Tennessee.</p> |
| <p>1 A. No, sir. 2 Q. Can you recall what the two cases were about? 3 A. The first case was a personal injury where I 4 was involved as a pedestrian. I was hit, struck by a 5 car. That was the first. 6 Q. So you were a plaintiff in that suit? 7 A. I was a plaintiff. 8 Q. What state was that lawsuit brought in? 9 A. Tennessee. 10 Q. And the second deposition? 11 A. That was an insurance claim and, you know, it 12 was a property claim that I handled. 13 Q. Do you know how long ago that was? 14 A. I don't recall. 15 Q. You don't recall any of the specifics of that 16 claim? 17 A. Well, I do. I don't know how much you want me 18 to get into. 19 Q. Just a general understanding of what kind of 20 case it was. 21 A. It was supposedly a theft claim where someone 22 had stolen some parts out of computers and these 23 computers belonged to a small business school and they 24 alleged that the school went under because of the</p> | <p>3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p> |

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| <p>1 Q. What does a material damage specialist do?</p> <p>2 A. Handle auto claims.</p> <p>3 Q. Can you tell me who your present supervisor is?</p> <p>4 A. Jonathan Duncan.</p> <p>5 Q. And he's at the Nashville office?</p> <p>6 A. Yes, sir.</p> <p>7 Q. Do you have any people that you supervise?</p> <p>8 A. No, sir.</p> <p>9 Q. In the summer of 2004, can you tell me who your supervisor was?</p> <p>10 A. Danny Riddle.</p> <p>11 Q. Mr. Riddle is in the room?</p> <p>12 A. Yes, sir.</p> <p>13 Q. And that would be throughout the entire period of May 2004 through December 2004. Is that right?</p> <p>14 A. Yes, sir.</p> <p>15 Q. What was your official title in June of 2004?</p> <p>16 A. Property claims specialist.</p> <p>17 Q. What were your primary responsibilities in that role in 2004? Let me ask you this before.</p> <p>18 Were there any changes in your job position or duties during the year 2004?</p> <p>19 A. No, sir.</p> <p>20 Q. So if I ask you what you were doing in 2004,</p> | <p>6</p> <p>1 A. I met with counsel here briefly.</p> <p>2 Q. You met with Mr. Casarino?</p> <p>3 A. Yes.</p> <p>4 Q. Was anyone else present during that meeting?</p> <p>5 A. Danny Riddle.</p> <p>6 Q. Did you meet with any other employees of Harleysville or representatives of Harleysville outside of the presence of counsel to prepare for this deposition today?</p> <p>7 A. No, sir.</p> <p>8 Q. Were you shown any documents to prepare for the deposition today?</p> <p>9 A. The log notes as you have before you, I believe.</p> <p>10 Q. The log notes that you produced today?</p> <p>11 A. Yes, sir.</p> <p>12 Q. And Mr. Riddle and yourself brought those today with you?</p> <p>13 A. Yes, sir.</p> <p>14 Q. Is Mr. Riddle also in Nashville?</p> <p>15 A. Yes, sir.</p> <p>16 Q. Can you give me a general understanding of the corporate structure of Harleysville and where you fit into it?</p> |
| <p>1 you could give a consistent answer throughout the year?</p> <p>2 A. Yes, sir.</p> <p>3 Q. Can you tell me what your job responsibilities were in 2004?</p> <p>4 A. My job was to handle property damage claims.</p> <p>5 Q. Approximately how many claims would you have at any given moment during 2004? I just want a range.</p> <p>6 A. I'm going to be guessing. Anywhere from 80 claims but possibly up to 120 suffixes.</p> <p>7 Q. Can you explain that to me, "suffixes"?</p> <p>8 A. Say a claim has, one claim has a building and then it has contents in the building. The building would be one suffix. The contents would be another suffix.</p> <p>9 Q. And you essentially put 01, 02 onto the end of a claim number?</p> <p>10 A. Yes.</p> <p>11 Q. Is that right?</p> <p>12 A. Yes.</p> <p>13 Q. Did you supervise any employees during 2004?</p> <p>14 A. No, sir.</p> <p>15 Q. How did you prepare for today's deposition?</p> <p>16 Did you meet with anyone?</p> | <p>7</p> <p>1 MR. CASARINO: I'm not sure I understand your question.</p> <p>2 Q. Well, you're in the claims department of Harleysville, right?</p> <p>3 A. Yes, sir.</p> <p>4 Q. And in 2004 you were in the claims department?</p> <p>5 A. Yes, sir.</p> <p>6 Q. What other major departments did Harleysville have during 2004?</p> <p>7 A. A claims department, an underwriting department. I'm not sure, you know, all of the departments of Harleysville.</p> <p>8 Q. Does the Nashville office of Harleysville operate independently or does it report to another office? And this is in 2004.</p> <p>9 A. I'm not sure I understand what you're saying.</p> <p>10 Q. People refer to the home office.</p> <p>11 A. Yes, sir.</p> <p>12 Q. What does that refer to?</p> <p>13 A. I'm not sure.</p> <p>14 Q. Where's the home office?</p> <p>15 A. The home office is Harleysville, Pennsylvania.</p> <p>16 Q. And that's where Harleysville's main site is?</p> <p>17 Is that its primary facility?</p> |

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| 1 A. Yes, sir. 2 Q. In 2004 did you have any connection with 3 Harleysville's acceptance or processing of premium 4 payments? 5 A. No, sir. 6 Q. Where is that handled? 7 A. It would have been in the underwriting 8 department. 9 Q. The underwriting department handles payment 10 processing? 11 A. I'm assuming. 12 Q. You don't know? 13 A. I honestly don't know. 14 Q. Does Harleysville's Nashville office have an 15 underwriting department in it or is that somewhere 16 else? 17 A. Somewhere else. 18 Q. Where is the underwriting facility? 19 A. I don't know. 20 MR. CASARINO: Let's go off the record for 21 a minute. 22 (Discussion off the record.) 23 BY MR. BESTE: 24 Q. But there are no underwriting employees in | 10 1 know. 2 Q. Do the various Harleysville employees use the 3 system for communication amongst each other? 4 A. (Pause). 5 Q. Let me try this way. 6 MR. BESTE: Can we have this marked as 7 Exhibit 1? 8 (H Deposition Exhibit No. 1 was marked for 9 identification.) 10 BY MR. BESTE: 11 Q. I'm going to show you what's been marked as 12 H-1. Can you identify what this is that I'm showing 13 you? 14 A. These are adjuster remarks that are put into 15 Harleysville's system. 16 Q. Now, this is part of the system that you're 17 referring to? 18 A. Well, no. This would be the claims file. This 19 would be what would be going in the part of the 20 claims. 21 Q. Okay. This is a separate computer system? Is 22 this typed out? How is this written out? 23 A. This is where I go into the part of the claims 24 system of Harleysville and I enter my conversations, |
| 11 1 Nashville. Is that right? 2 A. I don't know. 3 Q. Okay. Fair enough. 4 Can you give me the general steps that you 5 would take in 2004 when you were first assigned to a 6 fire damage claim? 7 A. The first step I would take would be to confirm 8 coverage. 9 Q. How do you go about confirming coverage? 10 A. I would go on Harleysville's system and I would 11 look to see if the property involved is what we're 12 showing. I would put the limits on the policy, how 13 much their deductible was and the forms that would be 14 involved and the effective dates, if the loss fell 15 within the effective dates of the policy. 16 Q. When you say, "Harleysville's system," what are 17 you referring to? 18 A. Our computer system. I would go in with the 19 policy number. I would enter it into the system and 20 it would pull up that individual. 21 Q. Who at Harleysville has access to that system? 22 I mean, is it a company-wide computer system? 23 A. I'm not sure. I mean, it is a company-wide 24 system, but, you know, who all has access, I don't | 11 1 enter notes, enter coverage. This is how we put our 2 notes in, you know, to the file. 3 Q. And the employees and the claims adjusters can 4 communicate using this adjuster remark system by 5 leaving each other notes? 6 A. The claims department. 7 Q. Okay. I'm a little confused because at first 8 you said you went into Harleysville's system. 9 A. Yes, sir. 10 Q. Do you have essentially a computer terminal at 11 your desk that allows you to go into the Harleysville 12 system? 13 A. I have a, you know, just -- well, I can't 14 think. I'm sorry. I'm drawing a blank. 15 A personal computer in front of me that's 16 linked up to Harleysville. 17 Q. Is that how you access these adjuster remarks, 18 the claim file? 19 A. Yes, sir. 20 Q. Are there separate systems that you can log 21 into, separate recordkeeping systems? 22 A. There's an area that you can go into and put a 23 policy number in and pull -- I'm assuming it's part of 24 underwriting's where they go in, but they just put in |

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| <p>1 where there's coverage there.</p> <p>2 Q. When you go about confirming that coverage is</p> <p>3 in place when you initially get a claim as you</p> <p>4 testified before, where do you do that? Do you do</p> <p>5 that through your computer system?</p> <p>6 A. Yes, sir.</p> <p>7 Q. Do you go into this adjuster remark system?</p> <p>8 A. No.</p> <p>9 Q. What do you go into?</p> <p>10 A. I go into another area. I'm not exactly sure</p> <p>11 where, what it's called, but --</p> <p>12 Q. I don't need a name. I'm just trying to get a</p> <p>13 feeling for what physically you're doing in the</p> <p>14 computer, what system you're accessing.</p> <p>15 A. I guess, I guess I'm confused. It's just</p> <p>16 Harleysville's system that they have. I'm not sure</p> <p>17 what they call it, you know. It's a way that I go in</p> <p>18 and I can confirm coverage.</p> <p>19 Q. When you go to your computer in the morning are</p> <p>20 there a number of options that you can open up? You</p> <p>21 can open up the adjuster remarks? You can open up</p> <p>22 other things?</p> <p>23 A. Yes, sir.</p> <p>24 Q. What are the various things, areas of the</p> | <p>14</p> <p>1 Q. What other manuals are available?</p> <p>2 A. At the time of this loss, we had a best</p> <p>3 practices manual.</p> <p>4 Q. And what is in the best practices manual?</p> <p>5 A. It would be just the timeliness of, you know,</p> <p>6 getting in contact with an insured, when you should</p> <p>7 raise reserve, put your coverage analysis in the file,</p> <p>8 things that would be required of that file.</p> <p>9 Q. To your knowledge, do underwriting employees</p> <p>10 have separate manuals?</p> <p>11 A. I have no idea.</p> <p>12 Q. Are there any manuals that you know exist that</p> <p>13 you don't use or that you haven't discussed here</p> <p>14 today, to your knowledge?</p> <p>15 A. None that I'm aware of, no, sir.</p> <p>16 Q. So you basically had two manuals, in 2004 you</p> <p>17 had two manuals available to you as a reference in</p> <p>18 adjusting this claim?</p> <p>19 A. Yes, sir.</p> <p>20 Q. Once you initially verify coverage with respect</p> <p>21 to a given claim, does Harleysville require you to</p> <p>22 re-verify coverage at a later point?</p> <p>23 A. No, sir.</p> <p>24 Q. So as long as there's coverage in place the</p> |
| <p>15</p> <p>1 Harleysville system that you can access from your</p> <p>2 computer?</p> <p>3 A. I can go in and put a policy number in and pull</p> <p>4 up to see if a policy is active. I can go in and put</p> <p>5 a claim number in and it will bring up an area to</p> <p>6 where I find my claim and then I can enter file notes</p> <p>7 in that claim.</p> <p>8 Q. So you would first access the policy and then</p> <p>9 there could be various claim numbers associated with</p> <p>10 the policy, right?</p> <p>11 A. I'm not sure I understand that question. That</p> <p>12 would be -- I can do that, but the only time that I</p> <p>13 would do that is on the initial claim.</p> <p>14 Q. Are there any policies or procedures or manuals</p> <p>15 that you are guided by in adjusting a claim?</p> <p>16 A. Yes, sir.</p> <p>17 Q. Tell me about those policies and procedures or</p> <p>18 manuals. What are they?</p> <p>19 A. Well, again, we, Harleysville has a link that</p> <p>20 they, it's a link that they go in and you can pull up</p> <p>21 the claims manual on the link.</p> <p>22 Q. It's called a claims manual?</p> <p>23 A. I believe that's what it's called. I'm not</p> <p>24 absolutely sure.</p> | <p>17</p> <p>1 first time the claim adjuster reviews a claim, that</p> <p>2 claim adjuster would not be required to re-verify</p> <p>3 coverage?</p> <p>4 A. No, sir.</p> <p>5 Q. Throughout the life of the claim?</p> <p>6 A. Not that I'm aware of.</p> <p>7 Q. And that was the case in 2004?</p> <p>8 A. Yes, sir.</p> <p>9 Q. Has that changed since 2004?</p> <p>10 A. Not that I'm aware of.</p> <p>11 Q. Do you know who inputs or controls the</p> <p>12 information that a claims adjuster would check to</p> <p>13 verify coverage?</p> <p>14 A. No, sir.</p> <p>15 Q. Is it done by the underwriting employees</p> <p>16 somewhere?</p> <p>17 A. I don't know.</p> <p>18 Q. How do you document that coverage is in place</p> <p>19 when you first get a claim?</p> <p>20 A. In my file notes.</p> <p>21 Q. So it would be in your adjuster notes for this</p> <p>22 claim?</p> <p>23 A. Yes, sir.</p> <p>24 Q. I'm going to show you H-1 again. Could you</p> |

5 (Pages 14 to 17)

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| | 18 | | 20 |
| 1 | look at your notation from June 23rd, 2004 at 11:45? | 1 | make decisions on policy language and the application |
| 2 | A. Yes, sir. | 2 | of it or is that authority with the underwriting |
| 3 | Q. Why don't we use this one? This is a little | 3 | department? |
| 4 | different. | 4 | A. I'm not sure what you're asking me. |
| 5 | Is that essentially what that notation is, | 5 | Q. As a claims handler do you have final authority |
| 6 | you're verifying coverage? | 6 | to say this policy language covers the loss? |
| 7 | A. Yes, sir. | 7 | A. I do. |
| 8 | Q. A few lines down the line mortgagee appears. | 8 | Q. In all circumstances? |
| 9 | A. Yes, sir. | 9 | A. No, sir. |
| 10 | Q. Do you see that? It says Ocwen Federal Bank? | 10 | Q. Can you give me a general feel in 2004 where |
| 11 | A. Yes, sir. | 11 | the line was, where your authority stopped? |
| 12 | Q. What does that information represent? What is | 12 | A. If there were any question as to whether a |
| 13 | that? | 13 | claim were covered under these particular forms, then |
| 14 | A. What I have seen on the policy information it's | 14 | I would go to the advice of my supervisor and discuss |
| 15 | showing that there's a mortgagee and this is the | 15 | it with him. |
| 16 | mortgagee that it's showing. | 16 | Q. By "these particular forms" you mean the policy |
| 17 | Q. So on June 23rd, 2004 Harleysville's records | 17 | at issue. Is that right? |
| 18 | showed that Ocwen was the mortgagee on the property | 18 | A. I'm referring to these forms, CP0010 and |
| 19 | where the loss occurred? | 19 | CP1030. |
| 20 | A. That's -- yes, sir. | 20 | Q. What are those forms? |
| 21 | Q. How does that affect or impact your claims | 21 | A. Those are this particular policy's policy form. |
| 22 | handling when there's another interest aside from the | 22 | Q. That's essentially where the policy language |
| 23 | direct insured? | 23 | comes from, the forms? |
| 24 | A. Well, we try to make sure that they have an | 24 | A. Yes, sir. |
| | 19 | | 21 |
| 1 | interest in the claim and that they would be added to | 1 | Q. When you are adjusting a claim, do you commonly |
| 2 | the check when it was issued. | 2 | send notices or things of that sort to your insured? |
| 3 | Q. Do you have any recollection of reaching out to | 3 | A. I'm sorry? |
| 4 | Ocwen or Mr. Drexel with respect to this particular | 4 | Q. When you're adjusting a claim, do you send a |
| 5 | interest? | 5 | lot of correspondence, letters to the insured? |
| 6 | A. No, sir. | 6 | A. I wouldn't say I send a lot, but I do send |
| 7 | Q. A few more lines down it says, "Determine if | 7 | some. |
| 8 | C&O needed." | 8 | Q. What steps do you take when you do send |
| 9 | Can you explain that to me? | 9 | correspondence to an insured to verify that letters go |
| 10 | A. That would be a cause and origin person. | 10 | out, notices get sent, that type of thing, that things |
| 11 | Q. What role does a cause and origin person | 11 | are actually mailed? |
| 12 | function as? | 12 | A. (Pause). |
| 13 | A. They determine the cause of loss. | 13 | Q. Do you physically mail letters to insureds? |
| 14 | Q. Is that an independent investigator? | 14 | A. Yes, on some occasions. Some I don't. |
| 15 | A. Yes, sir. | 15 | Q. Have you ever completed or participated in a |
| 16 | Q. Somebody you send out to the scene? | 16 | proof of mailing? |
| 17 | A. Yes, sir. | 17 | A. I'm not sure I understand the question. |
| 18 | Q. As a claims handler in 2004, were you ever | 18 | Q. Do you know what a proof of mailing is? Have |
| 19 | involved in discussions of policy language or whether | 19 | you ever seen one? |
| 20 | coverage applies with respect to any claim? | 20 | A. I don't think so. |
| 21 | A. Policy language and how it applies? | 21 | Q. How does Harleysville verify in its file that a |
| 22 | Q. Yes. | 22 | letter or a notice was sent to one of its insureds? |
| 23 | A. Is that the question? Yes, sir. | 23 | MR. CASARINO: I'm going to object to that |
| 24 | Q. As a claims handler do you have authority to | 24 | question. She's not here to speak for Harleysville. |

6 (Pages 18 to 21)

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| 1 | MR. BESTE: I'm asking her in her | | 1 | claims file or is this just a computer document that |
| 2 | experience as a claims adjuster. | | 2 | you have? |
| 3 | MR. CASARINO: That's different. | | 3 | A. It will go in a claims file. |
| 4 | A. We can send a letter certified. | | 4 | Q. You do have physical claims files that you |
| 5 | Q. Certified mail? | | 5 | handle as a claims adjuster? |
| 6 | A. Yes, sir. | | 6 | A. In 2004? |
| 7 | Q. Are there any other means of verifying that a | | 7 | Q. Yes. |
| 8 | letter was sent that Harleysville uses in 2004, used | | 8 | A. Yes. |
| 9 | in 2004? | | 9 | Q. Has that changed? |
| 10 | A. Just in general? I mean, I'm not sure what | | 10 | A. Yes, sir. |
| 11 | you're asking me. | | 11 | Q. Are you all electronic now? |
| 12 | There's occasions where we might send | | 12 | A. Yes, sir. |
| 13 | someone a FedEx and you can track a FedEx, but I'm not | | 13 | Q. When did that change occur? Roughly. I don't |
| 14 | sure what you're asking me as far as verifying. | | 14 | need -- |
| 15 | Q. You still have H-1 in front of you. Could you | | 15 | A. This year. A few months. |
| 16 | look at those remarks? I have seen a number of them | | 16 | MR. BESTE: If we can have this marked as |
| 17 | have the notation at the beginning of them SCLODFEL. | | 17 | H-3, please. |
| 18 | Do you see one or a few of those entries? | | 18 | (H Deposition Exhibit No. 3 was marked for |
| 19 | A. Yes, sir. | | 19 | identification.) |
| 20 | Q. Are those your entries? | | 20 | BY MR. BESTE: |
| 21 | A. Yes, sir. | | 21 | Q. I'm handing you what's been marked as H-3. |
| 22 | MR. BESTE: I'm going to have this marked | | 22 | Can you identify that document? |
| 23 | as H-2, please. | | 23 | A. It's the first report and acknowledgment from |
| 24 | (H Deposition Exhibit No. 2 was marked for | | 24 | Tower Insurance Services. |
| | | 23 | | 25 |
| 1 | identification.) | | 1 | Q. Is that a document that goes to you? |
| 2 | BY MR. BESTE: | | 2 | A. Yes, sir. |
| 3 | Q. Can you identify the document marked as H-2? | | 3 | Q. What exactly is Tower Insurance acknowledging? |
| 4 | A. It's a loss accord. | | 4 | A. That they had received the claim from us. |
| 5 | Q. Is this something that you completed, this | | 5 | Q. So it basically confirms that you assigned |
| 6 | document? | | 6 | Tower Insurance Services to adjust your claim as an |
| 7 | A. That's something that was presented to me with | | 7 | independent adjuster? |
| 8 | a new claim. | | 8 | A. Yes, sir. |
| 9 | Q. Who presented it to you? | | 9 | Q. Do you essentially hire Tower to investigate |
| 10 | A. My supervisor. | | 10 | and adjust the claim? |
| 11 | Q. So you're basically handed this notice and | | 11 | A. Not investigate. He's only to adjust the |
| 12 | that's your assignment to adjust the claim? | | 12 | claim. |
| 13 | A. Yes, sir. | | 13 | Q. But Harleysville hired Tower to adjust the |
| 14 | Q. Now, it's a little bit difficult to read. But | | 14 | claim? |
| 15 | are there policy effective dates on that form? | | 15 | A. Yes, sir. |
| 16 | A. Yes, sir. There should be. | | 16 | Q. And you specifically hired Tower to adjust this |
| 17 | Q. When you receive this form, do you take | | 17 | claim? |
| 18 | additional steps to verify the policy effective | | 18 | A. Yes, sir. |
| 19 | information on this notice? | | 19 | Q. Can you explain to me the relationship between |
| 20 | A. Yes, sir. | | 20 | Harleysville Insurance Company, in particular to this |
| 21 | Q. And it's at that point you're responsible to | | 21 | claim, can you explain to me the relationship between |
| 22 | verify coverage in Harleysville's system? | | 22 | Harleysville Insurance Company and Tower Insurance |
| 23 | A. Yes, sir. | | 23 | Services? |
| 24 | Q. Is this a paper file? Is this in an actual | | 24 | A. Harleysville hires Tower Insurance Services to |

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| <p>26</p> <p>1 go out and scope the damage and eventually obtain an 2 agreed cost to repair the damages. 3 Q. An agreed cost between whom? 4 A. An agreed cost between either the insured's 5 contractor of choice or if the insured doesn't have a 6 contractor to a local contractor who would be able to 7 do the work for a certain amount of money. 8 Q. When you assigned this claim to Tower Insurance 9 Services, did Harleysville give Tower the authority to 10 reach an agreed price with a contractor? 11 A. I'm not sure what you mean by "authority." My 12 instructions to Tower were to obtain an agreed cost to 13 repair. 14 Q. Does Harleysville retain the final say on the 15 agreed cost? 16 A. Yes, sir. 17 Q. So correct me if I'm wrong. But Tower 18 Insurance's role is to go out, reach an agreed cost 19 with the contractor or contractors and then get 20 approval from Harleysville on that price that they 21 agreed to. Is that right? 22 A. They submit that to Harleysville and then we 23 decide from there whether we agree with that. 24 Q. Who actually hires the contractor -- I'm sorry.</p> | <p>28</p> <p>1 A. Wait a minute. I'm sorry. 2 This would be our independent sending this 3 to Mr. Drexel about an attempt to contact him. 4 Q. This would be a letter that Tower Insurance 5 Services sent to Mr. Drexel? 6 A. Yes, sir. 7 Q. Do you recall ever seeing that document or 8 receiving it? 9 A. I don't remember. 10 Q. When you're adjusting a claim and going through 11 the process of reaching an agreed cost between the 12 contractor, the independent adjuster and Harleysville, 13 what steps do you take to bring the insured into that 14 process? Again, this is in 2004. 15 Is the insured typically involved in that 16 at all? 17 A. Well, if the insured -- we give the insured an 18 opportunity to hire his own contractor and the best 19 scenario is to have the insured's contractor and our 20 independent adjuster come to an agreed cost of the 21 repairs. 22 If the insured doesn't have a contractor, 23 then that's when we'll solicit the opinion of a 24 reputable contractor and the independent and the other</p> |
| <p>27</p> <p>1 Who actually hired the contractor with 2 respect to this claim to perform the repairs? 3 A. I don't know. 4 Q. Well, you understood that the repairs 5 eventually happened. Is that right? 6 A. I'm not sure that I did know that the repairs 7 actually happened. 8 Q. You were not aware that G. S. Booth performed 9 any repairs on Mr. Drexel's property in this claim? 10 A. To be honest with you, I don't remember. 11 Q. You handle a lot of claims? 12 A. I do. 13 MR. BESTE: Can I have this marked as H-4? 14 (H Deposition Exhibit No. 4 was marked for 15 identification.) 16 BY MR. BESTE: 17 Q. There's a copy for Mr. Casarino as well. 18 Sorry. 19 Can you identify the document marked as 20 H-4? 21 A. This would be a report from Tower Insurance. 22 Q. A report to whom? 23 A. To me. 24 Q. H-4?</p> | <p>29</p> <p>1 contractor will get an agreed cost of repairs. 2 Q. When an agreed cost is reached between 3 Harleysville's independent adjuster and the 4 contractor, does Harleysville take any steps to get 5 final approval for the repair work from the insured? 6 A. I'm not sure what you're asking. 7 Q. Hypothetically, you have in 2004 a claim and 8 you've talked to the independent adjuster. The 9 independent adjuster says, "I have an agreed cost with 10 the contractor." 11 Would you reach out to the insured and 12 say, "We have an agreed cost; do we have authority to 13 proceed with making the repairs to your property?" 14 A. I would get in contact with the insured and 15 say, "This is the numbers that we have come up with." 16 Q. Do you have any specific recollection of the 17 process in Mr. Drexel's, in this claim of reaching an 18 agreed cost? 19 A. No, sir, I don't remember. 20 Q. Can you explain to me why you would reach out 21 to an insured when you have an agreed cost to run that 22 by him? 23 A. Well, you would want them to know what they can 24 expect and also if by chance the insured says that he</p> |

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| <p style="text-align: right;">30</p> <p>1 doesn't have his own contractor and we have an agreed 2 cost with an independent contractor, then we would 3 want to run those numbers by the insured in the event 4 that he doesn't agree and then we can go back to the 5 table and say, "Okay, why don't you agree with this?"</p> <p>6 MR. BESTE: Can I have this marked as H-5, 7 please?</p> <p>8 (H Deposition Exhibit No. 5 was marked for 9 identification.)</p> <p>10 BY MR. BESTE:</p> <p>11 Q. Are you able to identify this document, H-5?</p> <p>12 A. No, sir.</p> <p>13 Q. Do you know who Brooke Beauman is?</p> <p>14 A. No, sir.</p> <p>15 Q. Do you know who Marc Good is?</p> <p>16 A. No, sir.</p> <p>17 Q. Have you ever heard the name S. T. Good 18 Insurance or S. T. Good?</p> <p>19 A. I don't recall.</p> <p>20 Q. Do you know whether Brooke Beauman is an 21 employee of Harleysville?</p> <p>22 A. I don't know.</p> <p>23 MR. BESTE: Could I have this marked as 24 H-6, please?</p> | <p style="text-align: right;">32</p> <p>1 You've handed me this other piece of paper that I have 2 never seen before that has the same policy number on 3 it.</p> <p>4 Q. Does H-1, the adjuster remarks, contain a 5 policy number in it anywhere?</p> <p>6 A. (Reviewing document) I don't see the policy 7 number.</p> <p>8 Q. Do you know who Robert Southard is or Bob 9 Southard?</p> <p>10 A. No, sir.</p> <p>11 Q. Does Harleysville have a Chesapeake office?</p> <p>12 A. I'm not sure.</p> <p>13 Q. You've never heard anyone at Harleysville refer 14 to a Chesapeake office or anything of that sort?</p> <p>15 A. They may have.</p> <p>16 Q. So you've never seen a document such as H-6 17 before?</p> <p>18 A. Not that I recall.</p> <p>19 Q. Are you familiar with what happens within 20 Harleysville when a policy is canceled?</p> <p>21 A. No, sir.</p> <p>22 Q. If a policy were to be canceled at any time, 23 does that get entered into Harleysville's computer 24 system?</p> |
| <p style="text-align: right;">31</p> <p>1 (H Deposition Exhibit No. 6 was marked for 2 identification.)</p> <p>3 BY MR. BESTE:</p> <p>4 Q. Are you able to identify this document?</p> <p>5 A. No, sir.</p> <p>6 Q. It's a Harleysville document, is it not?</p> <p>7 A. It has Harleysville's name on there.</p> <p>8 Q. Have you ever seen a document like this before?</p> <p>9 A. Not that I recall.</p> <p>10 Q. Are you able to tell whether this document 11 pertains to the claim or policy that we're discussing 12 today, Mr. Drexel's fire?</p> <p>13 A. Will you repeat the question?</p> <p>14 Q. Are you able to tell me whether this document 15 pertains in any way to the claim we're discussing, 16 Mr. Drexel's fire?</p> <p>17 A. I don't know.</p> <p>18 Q. Does it have a policy number on it?</p> <p>19 A. It does.</p> <p>20 Q. Are you able to look at any of the other 21 documents that I have given you today and determine 22 whether it's the same policy number that we're 23 discussing today, Mr. Drexel's fire?</p> <p>24 A. Nothing that -- you know, as far as my claim.</p> | <p style="text-align: right;">33</p> <p>1 A. Honestly, I don't know.</p> <p>2 MR. BESTE: I think we're on H-7.</p> <p>3 (H Deposition Exhibit No. 7 was marked for 4 identification.)</p> <p>5 BY MR. BESTE:</p> <p>6 Q. Are you able to identify the document marked as 7 H-7?</p> <p>8 A. No, sir.</p> <p>9 Q. Have you ever seen a document like this before?</p> <p>10 A. Not that I recall.</p> <p>11 Q. Are you able to tell what department or office 12 at Harleysville generated this notice?</p> <p>13 A. I can't tell you what department other than it 14 looks like it's coming out of Harleysville, 15 Pennsylvania.</p> <p>16 MR. BESTE: Can I have this marked as H-8?</p> <p>17 (H Deposition Exhibit No. 8 was marked for 18 identification.)</p> <p>19 BY MR. BESTE:</p> <p>20 Q. Are you able to identify the document marked as 21 H-8?</p> <p>22 A. This would have been my appraiser's report to me.</p> <p>23 Q. And by your appraiser you mean --</p> |

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| | 34 | | 36 |
| 1 | A. Tower Insurance Services. | 1 | A. I'm sorry. DR 0? |
| 2 | Q. -- George Powell? | 2 | Q. 432. |
| 3 | A. Yes, sir. | 3 | MR. CASARINO: The letter to Booth? |
| 4 | Q. Do you work with George Powell a lot? | 4 | MR. BESTE: Yes. |
| 5 | A. Not a lot. | 5 | BY MR. BESTE: |
| 6 | Q. During your tenure at Harleysville have you | 6 | Q. It's a letter dated August 1st to Booth |
| 7 | handled a lot of fire claims in Delaware? | 7 | Insurance Restorations. |
| 8 | A. Not a lot. | 8 | MR. CASARINO: I'm a little confused here. |
| 9 | Q. Are we talking two or three, twenty? Can you | 9 | That letter is dated August 1st, but the interim |
| 10 | give me a very rough estimate? | 10 | report is dated July 30th. |
| 11 | A. Two or three. | 11 | MR. BESTE: He's very quick. |
| 12 | Q. Can you give me a rough estimate of how many | 12 | I noticed that too. I don't know what the |
| 13 | times you've worked with Tower Insurance or George | 13 | discrepancy is. |
| 14 | Powell on claims? | 14 | MR. CASARINO: Are you suggesting it went |
| 15 | A. I can't recall. | 15 | with that package? |
| 16 | Q. Do you have any recollection of receiving this | 16 | MR. BESTE: I am suggesting that this is |
| 17 | interim report from Mr. Powell and Tower Insurance? | 17 | an entire package, but I don't think that's important. |
| 18 | A. I'm sorry. In 2004, you know, I'm sure I did, | 18 | MR. CASARINO: I don't know. It may be. |
| 19 | but I don't remember. | 19 | BY MR. BESTE: |
| 20 | Q. That's fine. I just need to determine whether | 20 | Q. Have you ever seen the letter to Booth |
| 21 | you do or not. That's all. | 21 | Insurance Restorations marked DR 0432 and 0433? |
| 22 | Are you able to look at this document and | 22 | A. I don't recall. |
| 23 | tell me what the status of the claim was on July 30, | 23 | Q. With respect to this claim though, Mr. Powell |
| 24 | 2004? | 24 | at Tower Insurance was adjusting the claim on |
| | 35 | | 37 |
| 1 | A. It appears to be his initial estimate and he | 1 | Harleysville's behalf, correct? |
| 2 | was still trying to obtain an agreed cost of repairs. | 2 | MR. CASARINO: That's been asked and |
| 3 | Q. And by "he," you're referring to Tower | 3 | answered. |
| 4 | Insurance, George Powell? | 4 | Q. You can answer. |
| 5 | A. Yes, sir. | 5 | A. Yes. |
| 6 | Q. Are you able to tell who he was negotiating | 6 | Q. And this letter was written to Booth Insurance |
| 7 | with? | 7 | Restorations, the contractor on the job. Is that |
| 8 | A. It appears G. S. Booth & Associates. | 8 | correct? |
| 9 | Q. Do you know who G. S. Booth & Associates is? | 9 | A. It appears so. |
| 10 | A. No, sir. | 10 | MR. BESTE: Can I have this marked as H-9, |
| 11 | Q. Are they the contractor on this claim? | 11 | please? |
| 12 | A. I don't know. | 12 | (H Deposition Exhibit No. 9 was marked for |
| 13 | Q. Are you able to tell from this document? | 13 | identification.) |
| 14 | A. It appears so. | 14 | BY MR. BESTE: |
| 15 | Q. At least at this time it appears that | 15 | Q. Can you review the document marked H-9 and tell |
| 16 | Mr. Powell was negotiating with G. S. Booth regarding | 16 | me what that is? |
| 17 | an agreed price for this claim? | 17 | MR. CASARINO: You're asking her what her |
| 18 | A. It appears so. | 18 | understanding is about this? Obviously it's not |
| 19 | Q. Is this a document that you would have reviewed | 19 | addressed to her or from her. |
| 20 | during the claims process? | 20 | MR. BESTE: Yes. |
| 21 | A. Yes, sir. | 21 | MR. CASARINO: Okay. |
| 22 | Q. Would you turn to the page marked DR 0432 about | 22 | A. It's a letter to Booth Insurance Restorations |
| 23 | two-thirds of the way through? It's a letter from | 23 | from George Powell at Tower. |
| 24 | Tower. | 24 | Q. Is this the same letter we were just discussing |

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| | 38 | | 40 |
| 1 | as far as you can tell? | 1 | Harleysville that an agreement had been reached |
| 2 | A. I would have to go back and look at that other | 2 | between Tower Insurance and Booth Restorations |
| 3 | letter. | 3 | regarding the repair price? |
| 4 | Q. As of August 1st, 2004 Tower Insurance was | 4 | A. Yes, sir. |
| 5 | adjusting Mr. Drexel's fire damage claim on behalf of | 5 | Q. What steps did you take upon receiving the |
| 6 | Harleysville. Is that correct? | 6 | letter, the final report marked as H-10? Feel free to |
| 7 | A. It appears that way. | 7 | refer to your notes and tell me what occurred next. |
| 8 | MR. BESTE: Can I have this marked as | 8 | A. I acknowledged his report, that the estimate is |
| 9 | H-10, please? | 9 | revised. I placed a call to him to ask if this was an |
| 10 | (H Deposition Exhibit No. 10 was marked | 10 | agreed estimate. |
| 11 | for identification.) | 11 | Q. You called Mr. Powell? |
| 12 | BY MR. BESTE: | 12 | A. Yes, sir. |
| 13 | Q. Are you able to identify this document? | 13 | Q. Can you tell the result of that conversation? |
| 14 | A. Final report from George Powell of Tower | 14 | A. He confirmed that he had gotten this estimate |
| 15 | Insurance Services. | 15 | agreed. |
| 16 | Q. Do you have any recollection of receiving this | 16 | Q. Did you approve payment of the claim at that |
| 17 | letter? | 17 | point? |
| 18 | A. (Pause). | 18 | A. I requested approval. |
| 19 | MR. CASARINO: Why don't you check your | 19 | Q. From whom do you request approval? |
| 20 | log notes and see if it's in there? | 20 | A. My supervisor. |
| 21 | A. Yes. | 21 | Q. Mr. Riddle? |
| 22 | Q. And why do you say yes? What are you looking | 22 | A. Yes, sir. |
| 23 | at? | 23 | Q. Did you receive that approval? |
| 24 | A. I'm looking on the 13th of August log entry. | 24 | A. Yes, sir. |
| | 39 | | 41 |
| 1 | Q. What time? | 1 | Q. How can you tell that you received the |
| 2 | A. 11:15. | 2 | approval? |
| 3 | Q. 11:15:29? | 3 | A. On 8-13-2004 at 1335 Danny has an entry note in |
| 4 | A. Yes, sir. | 4 | here. |
| 5 | Q. So the log entry on H-1 marked 8-13 at 11:15 is | 5 | Q. And you can tell that because of the letters |
| 6 | basically your reaction to this letter marked as H-10, | 6 | DRIDDLE on that particular entry? |
| 7 | Mr. Powell's final report? | 7 | A. Yes, sir. |
| 8 | A. I'm sorry. Repeat that. | 8 | Q. Again, you're referring to an entry on H-1? |
| 9 | My entry of 8-13 is my acknowledgment of | 9 | A. Yes, sir. |
| 10 | this (indicating) H-10? | 10 | Q. At this point in time and in particular to this |
| 11 | Q. Yes. | 11 | claim did Mr. Riddle have final authority within |
| 12 | A. Correct. | 12 | Harleysville to authorize the repairs to Mr. Drexel's |
| 13 | MR. CASARINO: You should understand there | 13 | property? |
| 14 | is an hour difference in time. | 14 | A. No one in the claims department gives authority |
| 15 | MR. BESTE: I know. It makes it very | 15 | to authorize the repairs. |
| 16 | confusing, actually. There are some e-mails that | 16 | Q. Can you explain that to me? |
| 17 | pre-date other e-mails. | 17 | A. We don't authorize repairs. We leave that to |
| 18 | BY MR. BESTE: | 18 | the insured. It's the insured's property. If he |
| 19 | Q. Are you able to tell from H-10 whether Tower | 19 | wants the repairs, he has to authorize it. |
| 20 | Insurance on Harleysville's behalf had reached an | 20 | Q. So are you telling me that no one had authority |
| 21 | agreement with Booth Restorations to repair | 21 | to instruct either Tower Insurance or G. S. Booth to |
| 22 | Mr. Drexel's property at an agreed price? | 22 | proceed with these repairs aside from Mr. Drexel? |
| 23 | A. That appears so. | 23 | A. Exactly. That's what I'm telling you. It's |
| 24 | Q. And this is essentially Mr. Powell's report to | 24 | Mr. Drexel's property. He's the only person that can |

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| <p style="text-align: right;">42</p> <p>1 authorize the repairs.</p> <p>2 Q. Well, didn't Tower Insurance reach an agreement 3 with G. S. Booth directly?</p> <p>4 A. I mean, I don't know that for a fact. I'm 5 assuming that G. S. Booth was representing Mr. Drexel.</p> <p>6 Q. Why are you assuming that they were 7 representing Mr. Drexel?</p> <p>8 A. To be honest, I don't know. I don't know.</p> <p>9 Q. Are you able to tell from your claims notes 10 whether you personally or anyone at Harleysville 11 reached out to Mr. Drexel to get approval for the 12 repairs?</p> <p>13 A. Again, it's up to him to authorize the 14 approval.</p> <p>15 Q. Did you take any steps to determine whether 16 Mr. Drexel had authorized the repairs to the property?</p> <p>17 A. I'm not sure I understand what you're asking. 18 Any steps to?</p> <p>19 Q. Well, I believe you've testified that 20 Mr. Riddle authorized payment of this claim.</p> <p>21 A. Yes, sir.</p> <p>22 Q. So he authorized Harleysville to pay for the 23 repairs to Drexel's property?</p> <p>24 A. Authorized to pay Mr. Drexel.</p> | <p style="text-align: right;">44</p> <p>1 authorizes Mr. Drexel to go ahead with repairs?</p> <p>2 A. No, sir.</p> <p>3 MR. CASARINO: I don't think she said 4 that.</p> <p>5 Q. Can you explain why I'm wrong?</p> <p>6 A. It's Mr. Drexel's property. We don't authorize 7 anyone to start repairs. We come upon an agreed cost 8 of repairs and that's what we base our payment on and 9 then it's the insured's duty to authorize his own 10 repairs. We don't do that.</p> <p>11 Q. But in this case isn't it fair to say that you 12 as the Harleysville claims adjuster negotiated with 13 Tower Insurance and G. S. Booth regarding the agreed 14 price?</p> <p>15 A. The agreed price, yes, sir.</p> <p>16 Q. And that Harleysville, yourself and Mr. Riddle, 17 approved the agreed price?</p> <p>18 A. Yes.</p> <p>19 Q. Did you explain to Mr. Drexel that only he 20 could authorize the repairs to the property?</p> <p>21 A. I don't recall. I don't recall.</p> <p>22 Q. Are you able to tell from your adjuster remarks 23 or any of the documents that you've seen whether you 24 explained to Mr. Drexel that Harleysville was not</p> |
| <p style="text-align: right;">43</p> <p>1 Q. Did Harleysville communicate that authority to 2 Mr. Drexel?</p> <p>3 A. On 8-13-2004 at 11:31:42 I placed a phone call 4 to Mr. Drexel and left him a voice mail to contact me 5 to go over our figures.</p> <p>6 Q. What was the time of that call?</p> <p>7 A. 11:31.</p> <p>8 Q. Are you able to determine whether Mr. Drexel 9 returned that phone call or whether you spoke to him?</p> <p>10 A. I don't recall.</p> <p>11 Q. Can you tell from your log whether you did?</p> <p>12 A. It doesn't appear that I did.</p> <p>13 Q. Reviewing this log, can you tell me the next 14 time when you did speak to Mr. Drexel was?</p> <p>15 A. I don't see where I spoke with him again.</p> <p>16 Q. Is there anything in these adjuster remarks 17 that leads you to believe that Mr. Drexel authorized 18 the repairs?</p> <p>19 A. Do you mind repeating your question?</p> <p>20 Q. Is there anything in the adjuster notes that 21 leads you to believe that Mr. Drexel authorized the 22 repairs to the property?</p> <p>23 A. I don't see where he authorized repairs.</p> <p>24 Q. Your testimony today is that Harleysville only</p> | <p style="text-align: right;">45</p> <p>1 hiring a contractor, that he was, that Mr. Drexel was?</p> <p>2 A. I'm sorry. Repeat the question again.</p> <p>3 Q. Are you able to tell from your adjuster remarks 4 whether you explained to Mr. Drexel that Harleysville 5 was not hiring G. S. Booth directly through its 6 adjuster to make the repairs?</p> <p>7 A. I don't see where that was explained.</p> <p>8 Q. Are you required by Harleysville to explain 9 that to an insured?</p> <p>10 A. It's normal procedure that we explain that he 11 hires his own contractor.</p> <p>12 Q. Is that normal procedure written down anywhere 13 in Harleysville's documents or policies?</p> <p>14 A. I'm not sure.</p> <p>15 Q. Are you able to tell whether you followed that 16 normal procedure in this case?</p> <p>17 A. I don't know if I did or not.</p> <p>18 Q. In your tenure at Harleysville have you ever 19 explained that to an insured by letter?</p> <p>20 A. I don't recall.</p> <p>21 Q. Well, what is the normal procedure that we have 22 been discussing? Is it to do it by letter or to do it by --</p> <p>23 A. By telephone.</p> |

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| <p>1 Q. By telephone.</p> <p>2 Would it also be normal procedure to</p> <p>3 document that advice or instruction in the file</p> <p>4 somewhere?</p> <p>5 A. Not necessarily.</p> <p>6 Q. So the normal procedure is just to tell the</p> <p>7 insured but not to document that conversation?</p> <p>8 A. Sometimes you document it and sometimes you</p> <p>9 don't. I'm sorry.</p> <p>10 MR. BESTE: Can I have this marked as</p> <p>11 H-11?</p> <p>12 (H Deposition Exhibit No. 11 was marked</p> <p>13 for identification.)</p> <p>14 BY MR. BESTE:</p> <p>15 Q. Before we get to H-11, and referring to your</p> <p>16 adjuster remarks, are you able to tell whether</p> <p>17 Harleysville ever actually physically issued the check</p> <p>18 in this case?</p> <p>19 A. (Pause)</p> <p>20 Q. You might want to look at the entry August 13</p> <p>21 at 13:49.</p> <p>22 A. It appears there was a check that was issued.</p> <p>23 Q. By reviewing that entry, are you able to</p> <p>24 determine whether the check was physically mailed?</p> | | <p>1 Q. And did you prepare this document on August</p> <p>2 13th, 2004?</p> <p>3 A. Yes, sir.</p> <p>4 Q. Can you tell me what the purpose of the</p> <p>5 document is?</p> <p>6 A. To show the insured, Mr. Drexel, the amount of</p> <p>7 the estimate, the amount of depreciation being</p> <p>8 withheld, the amount of his deductible and the net</p> <p>9 payment.</p> <p>10 Q. Why was depreciation being withheld?</p> <p>11 A. Harleysville takes depreciation until the</p> <p>12 repairs are complete.</p> <p>13 Q. Until the repairs are complete?</p> <p>14 A. Yes, sir. He had a replacement cost policy,</p> <p>15 but we take depreciation based on the age of, say,</p> <p>16 paint or the wear and tear until such repairs are</p> <p>17 actually completed.</p> <p>18 Q. And Harleysville does that in a replacement</p> <p>19 cost, when there's replacement cost coverage as well?</p> <p>20 A. Yes, sir, until it's actually repaired and then</p> <p>21 he would be -- the depreciation is recoverable.</p> <p>22 Q. Okay. So once the repairs were complete,</p> <p>23 Mr. Drexel would have been, would have been paid for</p> <p>24 this depreciation value?</p> | |
| <p>1 A. I can't tell you that. I don't know.</p> <p>2 Q. Are you able to tell from the adjuster remarks</p> <p>3 who the payee of that check was, who it was addressed</p> <p>4 to?</p> <p>5 A. It was addressed to Layne Drexel.</p> <p>6 Q. Anyone else?</p> <p>7 A. No, sir.</p> <p>8 Q. How can you tell that it was only Layne Drexel</p> <p>9 and not someone else?</p> <p>10 A. Well, I don't know who the payment was made out</p> <p>11 to. I'm just saying that it was sent to Layne Drexel.</p> <p>12 Q. There's an entry at 15:21 on August 13 by</p> <p>13 JSULLIV.</p> <p>14 Q. Are you able to tell me who that is?</p> <p>15 A. Julie Sullivan.</p> <p>16 Q. Are you able to tell me what office Julie</p> <p>17 Sullivan works out of?</p> <p>18 A. The Nashville Harleysville.</p> <p>19 Q. And can you explain this entry at 15:21 to me?</p> <p>20 A. That we requested that the system check be</p> <p>21 voided.</p> <p>22 Q. Let's get back to H-11.</p> <p>23 Q. Can you identify that document?</p> <p>24 A. It's a statement of loss.</p> | 47 | <p>1 A. If he submitted paperwork documenting that</p> <p>2 these costs were incurred and that he had to pay that</p> <p>3 amount of money, yes.</p> <p>4 Q. What documents must he submit?</p> <p>5 A. A completion notice by his contractor, invoices</p> <p>6 to show how much money was spent, canceled checks to</p> <p>7 show that this is how much money he paid.</p> <p>8 Q. What do you do with this document after you</p> <p>9 prepare it?</p> <p>10 A. I send a copy to the insured and then I put a</p> <p>11 copy in the file.</p> <p>12 Q. Do you do anything else with it?</p> <p>13 A. No, sir.</p> <p>14 MR. BESTE: Let's make this H-12, please.</p> <p>15 (H Deposition Exhibit No. 12 was marked</p> <p>16 for identification.)</p> <p>17 (Discussion off the record.)</p> <p>18 BY MR. BESTE:</p> <p>19 Q. Are you able to identify this document?</p> <p>20 A. It's a letter I sent to Mr. Drexel.</p> <p>21 Q. On August 13, 2004?</p> <p>22 A. Yes, sir.</p> <p>23 Q. What is the purpose of the letter?</p> <p>24 MR. CASARINO: Let's make sure. I'm not</p> | 49 |

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| <p style="text-align: right;">50</p> <p>1 sure this is a document that the enclosure went with 2 it. 3 MR. BESTE: I'll ask her that. 4 BY MR. BESTE: 5 Q. I'm not sure if you answered my question. 6 You sent this letter to Layne Drexel on 7 August 13, 2004? 8 A. Yes, sir. 9 Q. Are you able to tell me whether the documents 10 stapled to the letter are or were enclosures that you 11 sent with the letter? 12 A. I'm assuming it was. 13 Q. Do you have any reason to doubt that it was? 14 A. No, sir. 15 Q. And are you, in fact, advising Mr. Drexel in 16 this letter that he can recover the depreciation cost? 17 A. Yes, sir. 18 Q. Is there a difference between what you term in 19 this letter recoverable depreciation and the 20 depreciation figure in the statement of loss which was 21 H-11? 22 A. I'm sorry. Repeat the question. 23 Q. If you could look at H-11 again, which is the 24 statement of loss, that document shows depreciation in</p> | <p style="text-align: right;">52</p> <p>1 Q. And you don't make a copy of the original and 2 put that in your file? 3 A. No, sir. 4 Q. You just print out from a computer system the 5 document and put that in the file? 6 A. I would make two copies of that letter. The 7 original would have went to Mr. Drexel and a copy 8 would be put in the file. 9 Q. But you would make copies before you signed it? 10 A. Yes, sir. 11 Q. So you would send one out signed and the other 12 one would stay in the file unsigned? 13 A. Yes, sir. 14 Q. Do you document it in any way that a letter was 15 actually sent? 16 A. Normally I would, yes. 17 Q. Did you document whether this letter was sent? 18 A. I documented that I sent the proof of loss 19 that's attached to it. 20 Q. And how do you know that? Where do you 21 document it? 22 A. On the 8-13-2004 at 11:31:42 sending proof of 23 loss. 24 Q. And you sent this proof of loss and the letter</p> |
| <p style="text-align: right;">51</p> <p>1 the amount of \$10,762 and change. Is that correct? 2 A. That's correct. 3 Q. Is there any difference between that figure and 4 what you refer to in your August 13 letter, H-12, as 5 recoverable depreciation? 6 A. There's no difference. 7 Q. Are you able to tell whether this letter was 8 sent to Mr. Drexel physically? 9 A. I'm not. No, sir, I don't know for a fact that 10 it went. 11 Q. Do you know whether you ever signed this 12 letter? 13 A. I don't know. 14 Q. If you had to find out whether you did, what 15 would you do? 16 A. I don't know. I don't know. If I signed it 17 and it went out, I'm assuming that it went to 18 Mr. Drexel. I don't know. 19 Q. Well, I'll represent to you that this is a copy 20 of the letter produced by Harleysville. 21 Can you explain to me why there would be 22 an unsigned copy of a letter in Harleysville's file? 23 A. The copy that I keep I don't sign. The 24 original is the only one that's signed.</p> | <p style="text-align: right;">53</p> <p>1 indicating that a payment would issue out of the 2 accounting department before you spoke to Mr. Drexel 3 on August 13th? Is that correct? 4 A. I'm assuming I sent it. 5 Q. You have no reason to think in looking at your 6 notes that you did speak to Mr. Drexel before you 7 ordered the check be issued? 8 A. I left him a voice mail. 9 Q. On August 13th when Harleysville approved the 10 agreed price, did you speak with anyone aside from 11 Mr. Powell or other representatives of Tower 12 Insurance? 13 A. On August 13? 14 Q. Yes. 15 A. I received an e-mail from Amber, who would have 16 been in Harleysville, Pennsylvania, that the policy 17 had been canceled. 18 Q. We'll get to that e-mail in a second. 19 Did you speak to anyone aside from other 20 Harleysville employees and Tower Insurance? 21 A. Before receiving that e-mail? 22 Q. On August 13th before having the check sent 23 from the accounting department, did you speak to any 24 non-Harleysville employees aside from Tower Insurance?</p> |

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| | 54 | | 56 |
| 1 | A. Not that I recall. No, sir. | 1 | Amber Staton to you on August 11th, 2004? |
| 2 | Q. And you've reviewed your adjuster notes from | 2 | A. Yes, sir. |
| 3 | that day and you still believe that you didn't speak | 3 | Q. Are you able to tell me when you received that |
| 4 | to anyone aside from Mr. Powell that does not work for | 4 | e-mail? |
| 5 | Harleysville? | 5 | A. When I received it or when I read it? |
| 6 | A. I'm going to have you repeat the question one | 6 | Q. Both. |
| 7 | more time. | 7 | A. It appears I received it on the 11th. |
| 8 | Did I speak with anyone? | 8 | Q. And it was essentially in your in box? |
| 9 | Q. On August 13th, 2004 prior to having the check | 9 | A. Yes, sir. |
| 10 | issued, did you speak to any non-Harleysville | 10 | Q. Your e-mail in box. Are you able to tell me |
| 11 | employees aside from representatives of Tower | 11 | when you read it? |
| 12 | Insurance? | 12 | A. I'm not able to tell you when I read it. |
| 13 | A. Not that I recall. | 13 | Q. Is it accurate to say that you had access to |
| 14 | Q. And is there anywhere documented in your | 14 | this e-mail at the time you approved the agreed price |
| 15 | adjuster notes that you spoke with anyone aside from | 15 | for the repairs? |
| 16 | Tower Insurance? | 16 | A. Yes. Yes, sir. |
| 17 | A. Not that I see, no, sir. | 17 | Q. Is it your guess that you did not receive it |
| 18 | Q. Now, the document marked as H-12 included a | 18 | before or you did not read it before issuing the |
| 19 | proof of loss. Is that correct? | 19 | check? |
| 20 | A. Yes, sir. | 20 | A. That's what it appears. |
| 21 | Q. In 2004 was it Harleysville's practice to send | 21 | Q. And you know that because you would never have |
| 22 | out a check before receiving this signed release back | 22 | sent the check if you had read the e-mail, right? |
| 23 | from the, the signed proof of loss back from an | 23 | A. Exactly. |
| 24 | insured? | 24 | Q. Can you explain to me what -- sometimes the |
| | 55 | | 57 |
| 1 | A. We would do it both ways, but we would send a | 1 | questions are very simple. |
| 2 | proof of loss before sending the check or along with | 2 | Can you explain to me what the first |
| 3 | the check. | 3 | sentence means, "I have received suffix 02 to coverage |
| 4 | Q. Is it accurate that Harleysville had not | 4 | verify"? |
| 5 | received a signed proof of loss by the time it issued | 5 | A. It would appear to me, and I'm guessing, that I |
| 6 | the check in this case? | 6 | opened a second suffix for whatever reason and when |
| 7 | A. Yes. | 7 | the second suffix went through the system to be |
| 8 | Q. And you know that because you just sent it to | 8 | opened, that's when -- |
| 9 | them on the same day that the check was issued? | 9 | Q. Someone checked the policy coverage? |
| 10 | A. Yes, sir. | 10 | A. -- someone checked the policy coverage. |
| 11 | MR. BESTE: Can I have this marked as | 11 | Q. It looks like when you opened a second suffix |
| 12 | H-13? | 12 | Amber Staton verified coverage at that point? |
| 13 | (H Deposition Exhibit No. 13 was marked | 13 | A. Yes, sir. |
| 14 | for identification.) | 14 | Q. How would she do that? |
| 15 | BY MR. BESTE: | 15 | A. I don't know. |
| 16 | Q. Are you able to identify this document marked | 16 | Q. How would you do it if you had to do it? |
| 17 | as H-13? | 17 | A. How would I do it? |
| 18 | A. It's an e-mail addressed to me from Amber | 18 | Q. Yes. |
| 19 | Staton. | 19 | A. If I were verifying coverage? |
| 20 | Q. And you're referring to the most recent e-mail | 20 | Q. Right. If you got a new suffix and had to |
| 21 | in what is an e-mail chain. Is that right? | 21 | verify coverage as per the procedure, how would you do |
| 22 | A. Yes, sir. | 22 | that? |
| 23 | Q. Could you look at the last e-mail on the chain? | 23 | I'm sorry. That was a bad question. |
| 24 | Is that, in fact, an e-mail sent from | 24 | Every time you get a new suffix you have |

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| <p style="text-align: right;">58</p> <p>1 to verify policy periods and coverage. Is that right? 2 A. No, sir. When you get a new claim, you verify 3 coverage and forms. 4 Q. Why would Ms. Staton be verifying coverage when 5 she got a new suffix? 6 A. I don't know what their procedures are. 7 Q. She's in underwriting? 8 A. I don't know what department she's in. 9 Q. Do you know why you created a new suffix on the 10 claim number? 11 A. I don't. 12 Q. Do you think you did it because of the expected 13 depreciation claim? 14 A. No, sir. 15 Q. What other possibilities are there? 16 A. Loss of income. 17 Q. Mr. Drexel did have a loss of rental income 18 aspect of this claim. Is that right? 19 A. I don't recall, but I'm basing this on that 20 original file notes that he had business interruption 21 coverage. 22 Q. And business interruption coverage would cover 23 lost rent? 24 A. Yes, sir.</p> | <p style="text-align: right;">60</p> <p>1 would put the policy number in and would pull up the 2 coverage screen. 3 Q. Can you explain to me the sentence in his 4 e-mail that says, "This policy may be canceled prior 5 to effective date"? 6 A. I'm not sure what you want me to explain. He's 7 telling me that it looks like it's canceled prior to 8 the effective date. 9 Q. Well, he's telling you that it may be canceled 10 prior to the effective date. Is that right? 11 A. That's correct. 12 Q. What governs that? What is the information 13 that Harleysville needs to determine whether a policy 14 may be canceled prior to effective date or not? 15 Do you understand the question? 16 A. No. 17 Q. Can you explain to me when policies can be 18 canceled prior to the effective date? 19 A. No, sir, I can't. 20 Q. Can you explain to me when they cannot be 21 canceled prior to the effective date? 22 A. I cannot. 23 Q. Can you explain to me what the phrase 24 "effective date" means?</p> |
| <p style="text-align: right;">59</p> <p>1 Q. If you needed to determine why you created a 2 new suffix, what would you need to look at? What 3 would you need to do, if you could do it at all? 4 A. If I needed to create a new suffix? 5 Q. No. If I said to you why did you create this 6 02 suffix -- you obviously don't remember, right? 7 A. Exactly. 8 Q. Are there any documents or materials that you 9 could review to answer that question why you created 10 the suffix? 11 A. On the loss screen, on the first page of our 12 loss screen, it shows the suffixes and I could look at 13 that and see what suffix that I opened. 14 Q. Do you know what's at the top when you look at 15 the loss screen, what does it say? 16 A. I don't recall. 17 Q. Can you explain to me the e-mail from 18 Mr. Riddle to yourself on August 13th, 2004 at 2:25? 19 A. The one at 2:25? 20 Q. Yes, ma'am. 21 A. Danny is telling me to stop payment on the 22 check and review the coverage. 23 Q. How do you go about reviewing the coverage? 24 A. The same as when I would get a new claim, I</p> | <p style="text-align: right;">61</p> <p>1 A. Effective date means the date that the policy 2 begins when the premium is paid until expiration date, 3 effective to. 4 Q. Are you able to tell me what the effective date 5 with respect to Mr. Drexel's policy in 2004 was? 6 A. When I confirmed coverage, and I can't see 7 this (indicating), but I'm assuming it was 6-8-04 to 8 6-8-05, but I'm assuming that. 9 Q. But you're referring to H-2. Is that correct? 10 I think it's H-2. 11 A. Yes, sir. 12 Q. I forgot a question about Ms. Staton's August 13 11th e-mail to you. 14 What is direct bill? 15 A. I don't know what direct bill is. 16 Q. You have no idea? 17 A. No, sir. 18 Q. Do you have any knowledge of Harleysville's 19 billing practices or software or systems? 20 A. As far as the claims? 21 Q. Yes. 22 A. I do on claims, but not -- 23 Q. How about as far as policy renewal and that 24 type of thing?</p> |

16 (Pages 58 to 61)

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| | 62 | | 64 |
| 1 | A. No, sir. | 1 | me did I understand that he asked me? |
| 2 | Q. When you're adjusting a claim, do you have | 2 | Q. Do you have any recollection of speaking to |
| 3 | access to a direct bill system? | 3 | Mr. Drexel about why it took so long? |
| 4 | A. I'm not exactly sure what the direct bill is on | 4 | A. I don't recall. |
| 5 | Harleysville system. | 5 | Q. Do you have any recollection after this claim |
| 6 | Q. In 2004 did you have access to any systems or | 6 | was denied and Harleysville canceled the check |
| 7 | collections of information on a computer that could be | 7 | speaking with anyone about the denial? |
| 8 | termed a direct bill system, anything that fits that | 8 | MR. CASARINO: Let me back up a little |
| 9 | description? | 9 | bit. You made a comment that they canceled the check. |
| 10 | A. Possibly. You know, I don't know what the | 10 | I don't think that's accurate. |
| 11 | direct bill is. | 11 | Q. Could you refer to your adjuster notes at |
| 12 | Q. As a claims adjuster in 2004, did you have | 12 | August 13th at 15:21 that we were discussing a few |
| 13 | access to any billing information if you needed it? | 13 | moments ago? |
| 14 | A. Not the billing information, no, sir. | 14 | A. System check was voided. |
| 15 | Q. Would you have access to any information | 15 | Q. Harleysville canceled the check? |
| 16 | regarding when premium payments were received by | 16 | A. Voided. |
| 17 | Harleysville? | 17 | MR. CASARINO: Voided. |
| 18 | A. No, sir. | 18 | Q. What's the difference? |
| 19 | Q. Do you know who has access to that information? | 19 | A. Well, voided is that -- I don't know how they |
| 20 | A. I would assume our underwriting department. | 20 | do it. It's voided in the system. The check never -- |
| 21 | Q. To your knowledge, when Harleysville issues a | 21 | well, I don't know if the check went out or not, to be |
| 22 | check for a loss is the underwriting department or any | 22 | honest with you. I don't know. |
| 23 | underwriting employees involved in that decision? | 23 | Q. What's the difference between voiding a check |
| 24 | A. Not that I'm aware of. | 24 | and canceling a check? You just drew some |
| | 63 | | 65 |
| 1 | Q. Are the claims handlers required to notify any | 1 | distinction. I'm asking you what the distinction is. |
| 2 | underwriting employees prior to issuing a check? | 2 | A. I'm assuming that if the check goes out, you |
| 3 | A. No, sir. | 3 | cancel it. |
| 4 | Q. Are claims handlers required to notify anyone | 4 | If it's still pending -- |
| 5 | else in Harleysville outside of the claims department | 5 | Q. But if you catch it before it goes, it's |
| 6 | when they issue a check before they issue a check? | 6 | voided? |
| 7 | A. No, sir. | 7 | A. It's voided. |
| 8 | Q. The most recent e-mail on H-13 is an e-mail | 8 | Q. So Harleysville voided the check in this case |
| 9 | from Amber Staton to you dated August 17 at 8:10 a.m. | 9 | on August 13th? |
| 10 | Is that correct? | 10 | A. Yes, sir. |
| 11 | A. Yes, sir. | 11 | Q. And they voided the check and canceled the |
| 12 | Q. Can you explain Ms. Staton's comments to you? | 12 | claim because of what? |
| 13 | A. She's read some of the adjuster notes and | 13 | A. Because of this e-mail that we were notified |
| 14 | trying to explain why it took so long to determine | 14 | that the policy had been canceled for non-payment. |
| 15 | there was no coverage. | 15 | Q. The policy was canceled for non-payment? |
| 16 | Q. Do you have an understanding of why it took so | 16 | A. According to this e-mail. |
| 17 | long to determine that there was no coverage in this | 17 | Q. Canceled for non-payment of what? |
| 18 | case? | 18 | A. Premium. |
| 19 | A. No. | 19 | Q. Now, you said according to this e-mail. Do you |
| 20 | Q. You have no idea why it took so long? | 20 | have any reason to doubt the e-mail or the fact that |
| 21 | A. No. | 21 | the policy was canceled for non-payment of premium? |
| 22 | Q. You understood, however, that Mr. Drexel was | 22 | A. No. |
| 23 | asking why it took so long. Isn't that right? | 23 | MR. CASARINO: I'm not sure. What are you |
| 24 | A. Understood from home. I mean, are you asking | 24 | asking her? That the e-mail was accurate or that the |

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| | 66 | | 68 |
| 1 | policy was, in fact, canceled? | 1 | MR. CASARINO: I have an objection to that |
| 2 | MR. BESTE: Can you read back the | 2 | question. |
| 3 | question, please? | 3 | MR. BESTE: What is it? |
| 4 | MR. CASARINO: I want to object if it's | 4 | MR. CASARINO: The objection is that |
| 5 | something that she didn't do. | 5 | you're asking her to give her understanding of what |
| 6 | MR. BESTE: It's a pretty straightforward | 6 | happened and she didn't do it. |
| 7 | question. | 7 | MR. BESTE: Fine. |
| 8 | MR. CASARINO: I'm still going to object | 8 | MR. CASARINO: That's the objection. |
| 9 | to it if you're asking her if she knows. If she | 9 | BY MR. BESTE: |
| 10 | didn't do it, how does she know? She can tell you | 10 | Q. Please answer the question. |
| 11 | what the e-mail says. | 11 | A. All I can tell you is based on this e-mail. I |
| 12 | (The reporter read back the pending | 12 | mean, I have no reason to doubt that what they're |
| 13 | question.) | 13 | telling me is not true. |
| 14 | MR. CASARINO: That's two questions. What | 14 | Q. Reviewing H-1, your adjuster notes, are you |
| 15 | are you asking her? | 15 | able to tell me why the policy was canceled? |
| 16 | MR. BESTE: Does she have any reason to | 16 | MR. CASARINO: Objection. The policy was |
| 17 | doubt that the policy was canceled for non-payment of | 17 | not canceled. |
| 18 | premium? | 18 | MR. BESTE: Maybe you would just like to |
| 19 | MR. CASARINO: Well, I'm going to object | 19 | speak to her out in the hall? |
| 20 | to that. | 20 | MR. CASARINO: I'm not going to speak to |
| 21 | MR. BESTE: That's fine. What's the | 21 | her out in the hall. You can't use this person who is |
| 22 | basis? | 22 | not underwriting to explain something -- |
| 23 | MR. CASARINO: The basis is you emphasized | 23 | MR. BESTE: It's a very simple question. |
| 24 | when you said that cancellation and, as you know, | 24 | If you could please refrain from your speaking |
| | 67 | | 69 |
| 1 | Harleysville's position is it was not canceled. | 1 | objections, I would appreciate it. You're obviously |
| 2 | MR. BESTE: I don't want a speaking | 2 | coaching the witness. |
| 3 | objection here, Mr. Casarino, and that's exactly what | 3 | MR. CASARINO: I'm not coaching the |
| 4 | you're doing and I don't want to hear it. | 4 | witness. I'm telling you right now our position is it |
| 5 | If you have an objection to the form of | 5 | was not canceled and -- |
| 6 | the question, you can note it and I don't want | 6 | MR. BESTE: Your position is irrelevant to |
| 7 | speaking objections and I won't tolerate it. | 7 | her testimony. If you have an objection, state the |
| 8 | MR. CASARINO: You can tolerate what you | 8 | objection. |
| 9 | want. I'm putting my objection on the record. | 9 | MR. CASARINO: I just did. |
| 10 | MR. BESTE: What is the objection? | 10 | MR. BESTE: You're coaching her. |
| 11 | MR. CASARINO: And my objection on the | 11 | MR. CASARINO: I'm not coaching her. I'm |
| 12 | record is you're trying to make a legal conclusion out | 12 | telling you what my objection is. I don't want you to |
| 13 | of it and that's where I have a problem with it. | 13 | be using her testimony for a legal conclusion if she |
| 14 | If you're asking her understanding that's | 14 | didn't do it. It's that simple. |
| 15 | one thing. | 15 | Her understanding is one thing. What the |
| 16 | MR. BESTE: I'm asking her a question. Of | 16 | term means is something totally different. You can |
| 17 | course I'm asking her understanding. | 17 | ask her understanding, unless she's the one that |
| 18 | MR. CASARINO: Okay. That's different | 18 | actually did what happened. |
| 19 | because you asked what Harleysville did. Now, her | 19 | BY MR. BESTE: |
| 20 | understanding -- | 20 | Q. Can you please review your notes from August |
| 21 | MR. BESTE: I asked her, Mr. Casarino, | 21 | 13th in H-1 and tell me why the claim was not paid? |
| 22 | whether she had any reason to doubt that the policy | 22 | A. We were notified from the home office, |
| 23 | was canceled for non-payment of premium. | 23 | Harleysville, Pennsylvania, that the policy had been |
| 24 | Do you have an objection to that question? | 24 | canceled or was no longer in effect. I don't -- you |

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| | 70 | | 72 |
| 1 | know, they weren't going to reinstate it. | 1 | policy was in non-pay? |
| 2 | Q. And what are you referring to when you say | 2 | A. Again, at the time I verified coverage I'm |
| 3 | that? | 3 | looking at a coverage screen and it showed the policy |
| 4 | A. I'm referring to an entry on 8-13-2004 at | 4 | as being active. I don't see anything that says |
| 5 | 15:36:06, "received e-mail from Amber that policy had | 5 | non-pay. |
| 6 | been canceled." | 6 | I don't, I don't have access to something |
| 7 | Q. Can you tell me why you called underwriting to | 7 | that says non-pay that I'm aware of. |
| 8 | see if they were going to reinstate the policy? | 8 | Q. Now, the second-to-last sentence in |
| 9 | A. Because sometimes on occasion people pay their | 9 | Ms. Staton's e-mail says, and I'll read it to you, the |
| 10 | premium late and sometimes underwriting will accept | 10 | policy confirmed canceled on July 7, 2004 effective |
| 11 | it, a late premium, and reinstate it. I'm assuming. | 11 | for June 30, 2004. |
| 12 | Q. You're assuming that's why you called? | 12 | MR. CASARINO: I think you may have |
| 13 | A. I called to make sure that underwriting was | 13 | misread that. |
| 14 | indeed not reinstating this policy. | 14 | Q. Do you know the sentence I'm referring to? |
| 15 | Q. Do you know why underwriting does and does not | 15 | A. Yes, sir. |
| 16 | reinstate policies? | 16 | Q. Can you please read it and explain it to me? |
| 17 | A. No, sir, I don't. | 17 | A. "The policy confirmed cancellation on 7/6/04 |
| 18 | Q. Do you have any involvement in that decision? | 18 | effective for 6/30/04." I cannot explain that to you. |
| 19 | A. No, sir, I don't. | 19 | Q. What does the phrase "effective for 6/30/04" |
| 20 | Q. Can you explain the sentence "The claim was | 20 | mean? |
| 21 | coverage verified on June 23, 2004 by claims entry | 21 | A. It would have been effective on 6-30-04. |
| 22 | which at the time was in non-pay"? | 22 | Q. What would have been effective on 6-30-04? |
| 23 | A. I'm sorry. Where are you? | 23 | A. The policy. |
| 24 | Q. This is Ms. Staton's August 17th e-mail to you. | 24 | Q. The policy cancellation? |
| | | | |
| | 71 | | 73 |
| 1 | A. You're going to have to repeat the question. | 1 | A. I don't know. She's sending this to me. I |
| 2 | I'm sorry. | 2 | don't know what she's telling me, to be honest with |
| 3 | Q. Do you see the sentence that begins "The claim | 3 | you. I don't have anything to do with underwriting. |
| 4 | was coverage verified on June 23rd"? | 4 | I don't know how they do it. What their terms -- I |
| 5 | A. Yes, sir. | 5 | don't know. |
| 6 | Q. And you received that e-mail? | 6 | Q. Is June 30th, 2004 after the loss in this case? |
| 7 | A. Yes, sir. | 7 | A. I believe it is. |
| 8 | Q. What does that sentence mean to you? What does | 8 | MR. BESTE: Can I have this marked as 14? |
| 9 | it mean? | 9 | (H Deposition Exhibit No. 14 was marked |
| 10 | A. That sentence means to me that at the time I | 10 | for identification.) |
| 11 | verified coverage that it was showing active. | 11 | BY MR. BESTE: |
| 12 | Q. And you say that because of the | 12 | Q. Are you able to identify that document marked |
| 13 | phrase "coverage verified on June 23rd"? | 13 | as H-14? |
| 14 | A. Yes. | 14 | A. Not really, no. |
| 15 | Q. Can you explain to me the last part of the | 15 | Q. Have you ever seen a document or a computer |
| 16 | sentence which says, "which at the time was in | 16 | screen that looks like H-14? |
| 17 | non-pay"? | 17 | A. Not that I recall. |
| 18 | A. No, sir, I can't explain that. | 18 | Q. Are you able to tell me whether the information |
| 19 | Q. What does the phrase "non-pay" mean to you? | 19 | reflected on H-14 pertains to the loss at issue or |
| 20 | A. That means that the premium wasn't paid, to my | 20 | Mr. Drexel's policy? |
| 21 | understanding. | 21 | A. Maybe if I could see this policy number I could |
| 22 | Q. When you were adjusting this claim would you | 22 | tell you, but it doesn't have his name on here so -- |
| 23 | have access to any information or files or computer | 23 | MR. CASARINO: The policy number is on the |
| 24 | systems that would have told you whether a particular | 24 | second page. |

19 (Pages 70 to 73)

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| | 74 | | 76 |
| 1 Q. You can tell what the policy number is by 2 looking at this document, correct? | | 1 received any payment since I sent a cancellation 2 notice to the insured. | |
| 3 A. Yes, sir. | | 3 Q. And the e-mail, the exact words are "The 4 captioned policy was canceled for non-payment." Is 5 that right? | |
| 4 Q. But you can't tell whether it pertains to 5 Mr. Drexel's claim? | | 6 A. That's what it says. | |
| 6 A. Correct. | | 7 MR. CASARINO: I think it might be time 8 for a short break. | |
| 7 Q. But the policy or account number is M, as in 8 Mary, P, as in Peter, A, as in Adam, 812988? | | 9 MR. BESTE: Sure. (A brief recess was taken.) | |
| 9 A. That's correct. | | 10 MR. BESTE: Can we have this marked as 11 H-16? (H Deposition Exhibit No. 16 was marked 12 for identification.) | |
| 10 Q. And to your knowledge, you don't have access to 11 any computer information at Harleysville that would 12 show you this information? | | 13 MR. BESTE: Do you know what? I'm going 14 to add a page to Exhibit 16. It's actually, I 15 believe, another copy of the same letter. Let me grab 16 a staple. | |
| 13 A. No, sir, not that I'm aware of. | | 17 MR. CASARINO: That's okay. I just want 18 to see what it is. | |
| 14 MR. BESTE: H-15. (H Deposition Exhibit No. 15 was marked 15 for identification.) | | 19 This is Harleysville's copy. Okay. | |
| 16 BY MR. BESTE: | | 20 MR. BESTE: Let me staple them together 21 just so they don't get separated. | |
| 17 Q. Are you able to identify this document? | | 22 Sorry about that. | |
| 18 A. It's an e-mail sent to me. | | | |
| 19 Q. By whom? | | | |
| 20 A. Robert Southard. | | | |
| 21 Q. Who is Mr. Southard? | | | |
| 22 A. I don't know. | | | |
| 23 Q. Do you recall getting this e-mail? | | | |
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| 1 A. No, sir, I don't. | | 1 BY MR. BESTE: | |
| 2 Q. Would you please review your adjuster remark 3 from August 13 at 15:36? The last sentence in 4 particular. | | 2 Q. Are you able to identify the document marked as 3 H-16? | |
| 5 A. (Reviewing document) I asked Brooke to have 6 the underwriting manager to e-mail me to confirm that 7 they weren't going to reinstate this policy. | | 4 A. It looks like a letter I sent to Layne Drexel. | |
| 8 Q. Was that Brooke Beauman, to your knowledge? | | 5 Q. And in that letter you informed Mr. Drexel that 6 his, quote, policy was canceled for non-payment of 7 premium, unquote? | |
| 9 A. I'm assuming, yes. | | 8 A. Yes, sir. | |
| 10 Q. Are you able to tell from your adjuster notes 11 whether you ever received an e-mail confirming 12 anything? | | 9 Q. How did you choose that language, that 10 particular language? | |
| 13 A. Other than Danny's entry here that underwriting 14 has provided us their official position on this policy 15 that they're not going to reinstate. | | 11 A. I don't recall. | |
| 16 Q. Do you think that this e-mail from Mr. Southard 17 is an e-mail from the underwriting department? | | 12 Q. Are you able to tell when Harleysville canceled 13 for non-payment of premium as you indicate in the 14 letter, when the actual cancellation occurred? | |
| 18 A. Yes, sir. | | 15 A. It looks like they went back to his effective 16 date of 6-8-04. | |
| 19 Q. Do you recall reading this e-mail? | | 17 Q. I'm asking you when did Harleysville cancel the 18 policy? | |
| 20 A. I'm sure I did, but I don't know. | | 19 MR. CASARINO: I object to that. She's 20 not underwriting. | |
| 21 Q. Can you tell me what this e-mail meant to you? | | 21 A. I don't... | |
| 22 What were you being told? | | 22 Q. You can't tell from your adjuster note what 23 date that occurred? | |
| 23 A. I was being told that the policy was not going 24 to be reinstated and that Harleysville had not | | 24 A. (Reviewing document) You obviously know | |

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| <p>78</p> <p>1 something I don't. I don't see where exactly it says 2 what date.</p> <p>3 Q. Isn't it true that Harleysville determined not 4 to pay this claim on August 13, 2004?</p> <p>5 A. That's correct.</p> <p>6 Q. Why did you not send a letter to Mr. Drexel 7 until September 14th?</p> <p>8 A. I don't know.</p> <p>9 Q. What caused you to send a letter on September 10 14th?</p> <p>11 You can look at your notes, if you would 12 like.</p> <p>13 A. From the e-mail I received from underwriting.</p> <p>14 Q. What are you looking at, what note?</p> <p>15 A. 9-14-2004 12:13:36 received an e-mail from 16 underwriting.</p> <p>17 Q. Is that the August 13 e-mail from Mr. Southard 18 that you're referring to?</p> <p>19 A. I believe so. I probably sent this letter 20 based on actually the entry of 9-14-2004, Danny's 21 entry, now that we know underwriting's position.</p> <p>22 Q. I'm sorry. What note are you referring to?</p> <p>23 A. 9-14-2004 14:12:34.</p> <p>24 Q. From Danny Riddle. Can you explain the note</p> | <p>80</p> <p>1 wasn't produced, Mr. Casarino?</p> <p>2 MR. CASARINO: What document?</p> <p>3 MR. BESTE: The e-mail that she sent to 4 the Public Research Bureau.</p> <p>5 MR. CASARINO: No.</p> <p>6 MR. BESTE: Yet again documents turn up.</p> <p>7 MR. CASARINO: That's nonsense. We have 8 given you everything that we could possibly find in 9 this case. There might be an e-mail buried someplace, 10 but you certainly got everything that we have.</p> <p>11 So don't make a comment like that. If it 12 exists, I'll try to find it. A wise-ass comment like 13 that is just totally unnecessary when we have given 14 you just about everything we have.</p> <p>15 MR. BESTE: You obviously haven't. It's 16 not the first document that wasn't produced.</p> <p>17 MR. CASARINO: You're dealing with a large 18 corporation. Who knows where it is?</p> <p>19 MR. BESTE: I'm sure that's all it is.</p> <p>20 MR. CASARINO: It's probably privileged 21 anyway.</p> <p>22 BY MR. BESTE:</p> <p>23 Q. Did you receive an e-mail response from PLRB on 24 September 8th?</p> |
| <p>79</p> <p>1 from September 7th at 13:38 to me?</p> <p>2 A. (Pause).</p> <p>3 Q. Particularly the sentence "I am awaiting on 4 PLRB response."</p> <p>5 What does that mean?</p> <p>6 A. PLRB is the Property Loss Research Bureau. 7 It's a group of attorneys that do research on 8 insurance claims and I had e-mailed them. Obviously, 9 I was waiting for them to respond to me.</p> <p>10 Q. Does that entity or group of attorneys serve as 11 Harleysville's attorneys?</p> <p>12 A. No, sir. It's just a group out there. It's 13 not an official attorney rep. It's that you ask them 14 a property question and they do research and...</p> <p>15 Q. Okay. So you sent -- what's the name of the 16 entity?</p> <p>17 A. PLRB, Property Loss Research Bureau.</p> <p>18 Q. You sent the Property Loss Research Bureau an 19 e-mail on September 3rd, 2004?</p> <p>20 A. According to my adjuster remarks, yes, sir.</p> <p>21 Q. And that is not Harleysville's attorneys?</p> <p>22 A. No, sir. That's a research bureau that we use 23 to ask a question.</p> <p>24 MR. BESTE: Do you know why that document</p> | <p>81</p> <p>1 A. I received an e-mail saying that they were 2 still researching my question.</p> <p>3 Q. Are you able to tell from your adjuster notes 4 whether you ever received a response from PLRB?</p> <p>5 A. No, sir, I can't.</p> <p>6 Q. Do you have any reason to believe after 7 reviewing your adjuster notes that you received a 8 response?</p> <p>9 A. It doesn't appear that I did.</p> <p>10 Q. Can you go back to H-15, please?</p> <p>11 Does H-15 contain a policy number 12 pertaining to Mr. Drexel's policy with Harleysville 13 Insurance?</p> <p>14 A. Yes, sir.</p> <p>15 Q. And what is that number?</p> <p>16 A. MPA 812988.</p> <p>17 Q. Could you please compare H-16 and that policy 18 number with the documents marked H-6 and H-14 and tell 19 me whether those documents pertain to the same policy 20 number that we're discussing here today?</p> <p>21 A. H-6 and H-14?</p> <p>22 Q. 6 and 14, please.</p> <p>23 A. It appears to be the same.</p> <p>24 Q. Getting back to H-16, your letter of September</p> |

21 (Pages 78 to 81)

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| <p style="text-align: right;">82</p> <p>1 14th, the sentence "The effective date of cancellation 2 was 6/8/04," are you able to tell me from where you 3 took that date?</p> <p>4 A. I don't recall.</p> <p>5 Q. If you had to determine when an effective date 6 of cancellation was, what would you look at, what 7 part of the claim file or Harleysville computer 8 system?</p> <p>9 A. I would have gotten that date from our 10 underwriting department.</p> <p>11 Q. In what manner? How would you have --</p> <p>12 A. Possibly by e-mail.</p> <p>13 Q. And you say that because that decision is made 14 by underwriting, correct?</p> <p>15 A. Yes, sir.</p> <p>16 Q. Does the claims department have any authority 17 to determine when the effective date of the 18 cancellation is?</p> <p>19 A. No, sir.</p> <p>20 MR. BESTE: Can I have this marked as 21 H-17, please?</p> <p>22 (H Deposition Exhibit No. 17 was marked 23 for identification.)</p> <p>24</p> | <p style="text-align: right;">84</p> <p>1 MR. BESTE: Can I have this marked as 2 H-18, please? 3 (H Deposition Exhibit No. 18 was marked 4 for identification.)</p> <p>5 BY MR. BESTE:</p> <p>6 Q. Can you identify this document?</p> <p>7 A. No, sir.</p> <p>8 Q. Have you ever seen a document like that before?</p> <p>9 A. No, sir.</p> <p>10 Q. Does it appear to be a Harleysville document?</p> <p>11 A. Yes, sir.</p> <p>12 Q. Does it appear to pertain to Mr. Drexel's 13 policy?</p> <p>14 A. (Pause).</p> <p>15 Q. Just to speed things along, there's a policy 16 number right under the phrase Notice Of Reinstatement 17 about halfway down.</p> <p>18 A. Oh, okay. Yes.</p> <p>19 Q. It's hard to find.</p> <p>20 A. Yes. I was looking for it. Yeah.</p> <p>21 Q. Are you able to tell when this document was 22 sent by Harleysville?</p> <p>23 A. No. No, sir.</p> <p>24 MR. CASARINO: There's a date, there's a</p> |
| <p style="text-align: right;">83</p> <p>1 BY MR. BESTE:</p> <p>2 Q. Can you tell me what this document is, please?</p> <p>3 A. It's an e-mail addressed to me.</p> <p>4 Q. From?</p> <p>5 A. Vincent Bracco.</p> <p>6 Q. B-r-a-c-c-o?</p> <p>7 A. Yes, sir.</p> <p>8 Q. Can you tell me what the purpose of this e-mail 9 is?</p> <p>10 A. I don't recall. I don't recall.</p> <p>11 Q. Does the phrase "remittance processing" mean 12 anything to you?</p> <p>13 A. No, sir.</p> <p>14 Q. To your knowledge, does Harleysville have a 15 remittance processing department or other structure?</p> <p>16 A. I would assume so by this e-mail.</p> <p>17 Q. But you're not sure?</p> <p>18 A. No, sir.</p> <p>19 Q. Can you tell me why you and Mr. Bracco were 20 discussing the issues reflected in that e-mail?</p> <p>21 A. It appears I was asking him something about an envelope.</p> <p>22 Q. Do you know why you were asking him about that?</p> <p>23 A. No, sir.</p> | <p style="text-align: right;">85</p> <p>1 date that appears there. Is that what you want?</p> <p>2 MR. BESTE: Sure.</p> <p>3 BY MR. BESTE:</p> <p>4 Q. It bears a date of June 8, 2000. Is that 5 correct?</p> <p>6 A. Yes.</p> <p>7 Q. Although that June 8th date has other 8 significance with respect to Mr. Drexel's policy, 9 doesn't it?</p> <p>10 MR. CASARINO: June 8th of 2000?</p> <p>11 MR. BESTE: Yes.</p> <p>12 BY MR. BESTE:</p> <p>13 Q. Isn't that, in fact, his annual renewal date, 14 June 8th?</p> <p>15 A. I would assume so, June 8th.</p> <p>16 Q. Have you ever heard the phrase non-payment 17 provision?</p> <p>18 A. I don't recall.</p> <p>19 Q. Are you aware of any provisions that 20 Harleysville uses in its policy forms regarding 21 whether advanced notice of cancellation is required 22 when Harleysville cancels a policy?</p> <p>23 A. I don't know.</p> <p>24 Q. It's fair to say with respect to Mr. Drexel's</p> |

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| 1 claim that Harleysville has refused to pay the claim? 2 Is that accurate? 3 A. Yes, sir. 4 Q. At any time that you can recall did you attempt 5 to determine whether that refusal was justified under 6 the language of Mr. Drexel's policy? 7 A. When you refer to "the language of Mr. Drexel's 8 policy," are you referring to his policy forms? I'm 9 not sure I understand your question because in the 10 claims department I refer to policy forms. 11 Q. What would you have to do as a claims 12 representative in 2004 to get a copy of the actual 13 insurance contract between Harleysville and its 14 insured as opposed to the forms? 15 A. I would have to request it from underwriting. 16 Q. To your knowledge, did you ever review any of 17 the policy terms in this case, in this claim? 18 A. As far as the underwriting file? 19 Q. No. As far as your involvement in the claim as 20 a claims adjuster, to your knowledge did you ever 21 review any policy provisions to determine whether 22 Harleysville's refusal to pay the claim was justified 23 or authorized by the language? 24 A. No, sir. | 86 1 must have if your handwriting was on it. Isn't that 2 true? 3 A. Yes, sir. 4 Q. Okay. But you don't remember writing on this 5 document or reviewing this document? 6 A. No, sir. 7 Q. Is there anything in here that would allow you 8 to tell me when you made those notations on H-19? 9 A. I don't recall. 10 Q. My name is on there. Is that correct? 11 A. Yes, sir. 12 Q. Is that your handwriting also? All of it is 13 your handwriting? 14 A. I think so, yes. 15 Q. So it's safe to say that that handwriting 16 post-dates my involvement in the case? 17 A. Yes, sir. 18 Q. Are you able to tell me whether these five 19 pages pertain to the claim at issue in this case? 20 A. The claim issue? 21 Q. The claim at issue here, Mr. Drexel's file. 22 A. It appears so, yes, sir. 23 Q. You can tell that because of the policy number 24 in the top left-hand corner? |
| 87 1 Q. Do you ever do that? 2 A. No, sir. 3 Q. And to your knowledge, you never have as long 4 as you have been employed at Harleysville? 5 A. Not that I recall. 6 Q. The last document. 7 MR. BESTE: I believe it's H-19, please. 8 (H Deposition Exhibit No. 19 was marked 9 for identification.) 10 BY MR. BESTE: 11 Q. Are you able to identify that document? 12 A. I think it's just -- not really. I mean, it's 13 not something that I would look at in the claims 14 department. 15 Q. Do you know what a commercial lines system is? 16 A. I know what a commercial package is. 17 Commercial lines writes commercial policies. 18 Q. Is that your handwriting on the first page? 19 A. Maybe. 20 Q. It could be? 21 A. I think it is, yeah. 22 Q. You think it is? 23 A. Uh-huh. 24 Q. Do you have access to this information? You | 89 1 A. Yes, sir. 2 Q. Now, on the first page do you see the entries 3 are listed by number, 01, 02, 03, 04, 05? 4 A. Yes, sir. 5 Q. Number 01, can you tell me what that entry is? 6 A. Are you looking at the top here (indicating)? 7 Q. Yes. The first line, 01, the date is July 7, 8 '04. 9 A. Can I tell you what that is? This appears to 10 be an audit trail, but I can't tell you what that 11 means. 12 Q. Do you have access to audit trails as a claims 13 representative? 14 A. I have access, yes, sir. 15 Q. Why would you, in 2004 why would you go into an 16 audit trail with respect to a policy or claim? 17 A. I don't recall. 18 Q. There's an entry here from July 7th, 2004. Is 19 that correct? 20 A. July 7th? 21 Q. July 6th. I'm sorry. Sorry. 22 A. Yes, sir. 23 Q. As a claims representative working for Harleysville on July 7th, 2004, July 6th, 2004, would |

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| <p>90</p> <p>1 you have had access to this audit trail that we're 2 looking at? 3 A. On July 6th? 4 Q. Yes. 5 A. Would I have had access? I don't know. 6 Q. Why do you say you don't know? 7 A. I don't know when they enter this. I don't 8 know if it would have appeared on that date, July 6th. 9 Q. Do you know how long it takes an entry to 10 appear on an audit trail? 11 A. No, sir, I don't. 12 Q. Does it take a couple of days at most or are we 13 talking weeks? 14 A. I have no idea how long. 15 Q. Are you able to tell when the entry was 16 actually made into the audit trail? 17 A. To be honest with you, no. No. 18 Q. Doesn't it appear that it was made on July 6th, 19 2004? 20 A. It appears. 21 Q. And if you go all the way to the right there, 22 it says CNISS. Is that right? 23 A. That's correct. 24 Q. What does that grouping of letters mean to you?</p> | <p>92</p> <p>1 representatives of Tower Insurance or Booth 2 Restorations after Harleysville refused to pay for the 3 damage in this case? 4 A. I don't recall conversations. 5 Q. So you don't recall any conversations with 6 George Powell after Harleysville refused to pay? 7 A. No, sir. 8 Q. And you don't recall any conversations with 9 Mr. Booth or any representative of Booth Associates 10 after Harleysville refused to pay? 11 A. I don't recall speaking with them at all. 12 Q. You were the primary claims handler on this 13 claim for Harleysville? 14 A. Yes, sir. 15 Q. Do you think that it's likely that you would 16 have spoken to representatives of the independent 17 adjuster or the contractor after Harleysville refused 18 to pay the claim? 19 A. As I said, I don't recall speaking to the 20 contractor at all. 21 Q. Do you recall crying on the telephone when 22 speaking to anyone about this particular claim? 23 A. No, sir. 24 Q. Do you recall being upset about Harleysville's</p> |
| <p>91</p> <p>1 A. I don't know. 2 Q. If you would please look at page 4 and tell me 3 what the box in the middle of that page is. 4 A. It says, "Cancellation Issue." 5 Q. So that box, in fact, shows that the group of 6 letters CNISS means cancellation issue? 7 MR. CASARINO: Objection. 8 Q. You can answer. 9 You can answer. 10 A. That appears so, yes. 11 Q. Going back to page 1, there's a column marked 12 OPER-ID. 13 Do you see that? 14 A. Yes. 15 Q. Do you know what those numbers represent? I'm 16 sorry. Those numbers and letters represent? 17 A. No, sir, I don't. 18 Q. Do they look like employee numbers? 19 A. I don't know. 20 Q. During the process of adjusting a claim in 21 2004, is there any reason you would have been required 22 by Harleysville to look at an audit trail? 23 A. No, sir. 24 Q. Do you recall having any conversations with</p> | <p>93</p> <p>1 refusal to pay this particular claim? 2 A. I'm going to answer that I wasn't upset at 3 Harleysville's refusal to pay the claim. 4 Q. Can you explain that to me? 5 A. I was upset that -- I don't know. 6 Q. I understand that you're in a tough position to 7 answer that question, but if you could please try to 8 explain what you mean, I would appreciate it. You 9 were upset about something. 10 A. I was upset that I was not notified that the 11 policy was going to be non-renewed, not reinstated 12 until the point that I was ready to pay. That's what 13 I was upset about. 14 Q. And you were upset because other people at 15 Harleysville had knowledge of the cancellation or 16 expiration, whatever you want to term it, long before 17 you were informed of that? 18 A. I don't know that for a fact if they knew it 19 long before. 20 Q. But you do know that they knew it before you 21 knew? 22 A. I know that they told me, they notified me that 23 the policy was no longer in effect and this was after 24 the fact that I had confirmed coverage in the</p> |

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| <p>1 beginning.</p> <p>2 Q. Do you know when that occurred, when they told</p> <p>3 you that?</p> <p>4 A. Around the 13th of August.</p> <p>5 Q. You verified coverage right after the fire when</p> <p>6 you got the claim, correct?</p> <p>7 A. Yes, sir.</p> <p>8 Q. And you were notified on August 13th that</p> <p>9 Harleysville would not pay the claim, correct?</p> <p>10 A. Yes, sir.</p> <p>11 Q. I don't understand why you were upset. Can you</p> <p>12 explain that to me in a little bit more detail?</p> <p>13 A. No, sir.</p> <p>14 Q. Were you upset that the Harleysville computer</p> <p>15 system told you that coverage was in place when you</p> <p>16 first verified it when you got the claim?</p> <p>17 A. Possibly, yes.</p> <p>18 Q. Did you feel that you should have been aware</p> <p>19 that Harleysville had not received the premium payment</p> <p>20 while you were adjusting this claim?</p> <p>21 A. Yes, sir.</p> <p>22 Q. Do you know when Harleysville first became</p> <p>23 aware that the premium had not been received?</p> <p>24 A. No, sir.</p> | <p>94</p> <p>1 Q. Are any of the other notations your</p> <p>2 handwriting?</p> <p>3 A. The name of the bank is my handwriting.</p> <p>4 Q. Do you have any recollection of why you were</p> <p>5 writing the name of the bank there?</p> <p>6 A. No, sir.</p> <p>7 Q. Did I hand you both of them? I'm sorry.</p> <p>8 Here it is. I'm going to show you H-16,</p> <p>9 the second page of it. Are you able to identify any</p> <p>10 of the handwriting on the postal card?</p> <p>11 A. No, sir.</p> <p>12 Q. You don't think that these digits at the bottom</p> <p>13 starting with 7002 is your handwriting?</p> <p>14 A. No, sir.</p> <p>15 Q. If you give me one minute, I think that's all I</p> <p>16 have.</p> <p>17 I lied. I'm going to hand you H-5, if you</p> <p>18 can tell me whether that's your handwriting, please.</p> <p>19 A. It looks like this claim number is my</p> <p>20 handwriting, yes, this SO530739.</p> <p>21 Q. Is that the claim number that we have been</p> <p>22 discussing today, Mr. Drexel's fire?</p> <p>23 A. I think so, yes.</p> <p>24 Q. Are you able to identify the handwriting on</p> |
| <p>95</p> <p>1 Q. You only know that you were not notified until</p> <p>2 August 13th. Is that correct?</p> <p>3 A. That's correct.</p> <p>4 Q. Was anyone else at Harleysville upset about</p> <p>5 anything regarding this claim?</p> <p>6 A. Not that I'm aware of.</p> <p>7 Q. Did you express any of your sentiment to any of</p> <p>8 your supervisors?</p> <p>9 A. I don't recall.</p> <p>10 Q. Are there any steps that you take now to</p> <p>11 prevent this from happening again?</p> <p>12 A. No, sir.</p> <p>13 Q. Two more questions I forgot to ask you when I</p> <p>14 went through these.</p> <p>15 I'm going to show you H-2 again. There is</p> <p>16 some handwriting on H-2. Are you able to identify any</p> <p>17 of that handwriting?</p> <p>18 A. This is my handwriting that says "100 percent</p> <p>19 co-insurance."</p> <p>20 The "R/C" would be replacement cost.</p> <p>21 Q. What does the phrase "100 percent co-insurance"</p> <p>22 mean to you?</p> <p>23 A. He's insured to value at 100 percent. He has</p> <p>24 to be insured to value at 100 percent.</p> | <p>95</p> <p>1 H-14?</p> <p>2 A. No, sir.</p> <p>3 Q. I'm sorry. It was no?</p> <p>4 A. No.</p> <p>5 Q. How about H-15?</p> <p>6 A. It looks like my handwriting.</p> <p>7 MR. BESTE: That's all I have. Thank you</p> <p>8 very much.</p> <p>9 THE WITNESS: Thank you.</p> <p>10 BY MR. CASARINO:</p> <p>11 Q. Sherry, just a couple of questions.</p> <p>12 When you first got the assignment and you</p> <p>13 said you checked on the computer, what exactly were</p> <p>14 you told about the policy? You used the word "active"</p> <p>15 before.</p> <p>16 A. There's a coverage screen and there will be the</p> <p>17 effective dates across the top and then to the bottom</p> <p>18 left of the screen, the coverage screen, on the very</p> <p>19 first page it will have if the policy is active, it</p> <p>20 will have active. If it's non-renewed, it will say</p> <p>21 non-renewed.</p> <p>22 If it's -- you know.</p> <p>23 Q. If it's canceled, will it say canceled?</p> <p>24 A. It will say canceled.</p> |

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| <p style="text-align: right;">98</p> <p>1 Q. And in this case it said active?</p> <p>2 A. It said active.</p> <p>3 Q. Now, you were asked about an agreed price</p> <p>4 between Harleysville and a contractor, but you said</p> <p>5 you don't authorize the repairs; repairs have to be</p> <p>6 done by the insured.</p> <p>7 A. Yes, sir.</p> <p>8 Q. When the check goes out, is it made payable to</p> <p>9 the insured?</p> <p>10 A. Yes, sir.</p> <p>11 Q. Do you put the contractor on the check?</p> <p>12 A. If we have an authorization to add their name,</p> <p>13 we'll put them on the check.</p> <p>14 Q. Otherwise, you don't?</p> <p>15 A. Right, we don't.</p> <p>16 Q. You don't care if the insured has the property</p> <p>17 repaired or not, do you?</p> <p>18 A. That's correct. I don't care.</p> <p>19 Q. Now, you said that the check was issued. I'm</p> <p>20 not sure exactly what you do when you authorize the</p> <p>21 check be issued.</p> <p>22 Do you send the check out?</p> <p>23 A. On this one I would have, because it's over my</p> <p>24 authority, I would have put a check request in and it</p> | <p style="text-align: right;">100</p> <p>1 cancel the check.</p> <p>2 Q. It's a word you use in the adjusting</p> <p>3 department?</p> <p>4 A. Yes, sir.</p> <p>5 Q. Is that what you're saying?</p> <p>6 A. Yes, sir.</p> <p>7 Q. But the reason that Harleysville may have</p> <p>8 terminated this policy is something that comes out of</p> <p>9 underwriting?</p> <p>10 A. Yes, sir.</p> <p>11 MR. CASARINO: I have nothing else.</p> <p>12 BY MR. BESTE:</p> <p>13 Q. I promise only a few follow-up questions.</p> <p>14 If you could look at -- I'm not sure what</p> <p>15 exhibit it is.</p> <p>16 I'm going to hand you H-8. I believe we</p> <p>17 have identified this as an interim report from Tower</p> <p>18 Insurance to you at Harleysville. Is that correct?</p> <p>19 A. Yes.</p> <p>20 Q. Will you please turn to page 412?</p> <p>21 Can you identify that document?</p> <p>22 A. That's an authorization to include G. S. Booth</p> <p>23 on the check.</p> <p>24 Q. And it appears to be signed by Mr. Drexel,</p> |
| <p style="text-align: right;">99</p> <p>1 would have had to have been approved by Danny and then</p> <p>2 entered into the system by one of our clerical people.</p> <p>3 Q. But then what happens? Do you sign the check?</p> <p>4 A. No. It generates out of Harleysville,</p> <p>5 Pennsylvania's processing center.</p> <p>6 Q. So you just put in an authorization for it, but</p> <p>7 you don't actually do the sending yourself?</p> <p>8 A. Exactly.</p> <p>9 Q. Now, the letter that you sent to Mr. Drexel,</p> <p>10 the one dated September 14, 2004, I think you</p> <p>11 indicated that was because of the note from</p> <p>12 Mr. Riddle?</p> <p>13 A. Yes, sir.</p> <p>14 Q. Now, his note doesn't say canceled on it,</p> <p>15 unless I'm looking at it wrong, and you used the word</p> <p>16 canceled.</p> <p>17 In particular, is there a reason why you</p> <p>18 used that word?</p> <p>19 A. Canceled is it's canceled. It's just a</p> <p>20 generic. You know, I don't know if it wasn't</p> <p>21 reinstated or -- you know.</p> <p>22 Q. It's a word that you --</p> <p>23 A. We use cancel just like cancel the check, you</p> <p>24 know, where we actually voided the check. We didn't</p> | <p style="text-align: right;">101</p> <p>1 correct?</p> <p>2 A. Yes.</p> <p>3 Q. And this authorizes Harleysville to write a</p> <p>4 check to G. S. Booth & Associates, Inc., correct?</p> <p>5 A. No, sir. It's an authorization to make the</p> <p>6 check payable to Layne Drexel and G. S. Booth &</p> <p>7 Associates.</p> <p>8 Q. Jointly?</p> <p>9 A. Yes, sir.</p> <p>10 Q. And you received this authorization from</p> <p>11 Mr. Powell?</p> <p>12 A. Yes, sir.</p> <p>13 Q. You mentioned a moment ago that above a certain</p> <p>14 amount you have to get authority from Mr. Riddle to</p> <p>15 pay a claim?</p> <p>16 A. Yes, sir.</p> <p>17 Q. In 2004 what was that amount?</p> <p>18 A. I believe it was 25,000.</p> <p>19 MR. BESTE: That's all I have.</p> <p>20 BY MR. CASARINO:</p> <p>21 Q. Even if the check were within your limits of</p> <p>22 25,000, do you still write that check or does it go to</p> <p>23 Harleysville, Pennsylvania?</p> <p>24 A. I would have entered the check in the system</p> |

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Drexel v. Harleysville Insurance Co.
Sherry Clodfelter

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|----|--|----------|---|
| | 102 | | 104 |
| 1 | the same as the clerical people. It would have been 2 sent the same way. | 1 | |
| 3 | Q. So it would have gone up to Harleysville, 4 someone would have signed it and sent it from there? | 2 | |
| 5 | A. It would have come out of our processing 6 center, our accounting center in Harleysville, 7 Pennsylvania. | 3 | |
| 8 | MR. CASARINO: Okay. We'll read. 9 (Deposition concluded at 1:10 p.m.) | 4 | |
| 10 | | 5 | REPLACE THIS PAGE 11 INDEX |
| 12 | DEPONENT: SHERRY CLODFELTER | 6 | WITH THE ERRATA SHEET 13 Examination by Mr. Beste |
| 14 | Examination by Mr. Casarino | 7 | AFTER IT HAS BEEN 15 Examination by Mr. Beste |
| 16 | Examination by Mr. Casarino | 8 | COMPLETED AND SIGNED 17 |
| 18 | | 9 | BY THE DEPONENT. |
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| 1 | H DEPOSITION EXHIBITS | 1 | State of Delaware) |
| 2 | 6 Document Bates stamp numbered DR 0185 | 2 |) |
| 3 | 7 Document captioned "Confirmation Of | 3 | New Castle County) |
| 4 | Termination" with attachment | 4 | CERTIFICATE OF REPORTER |
| 5 | 8 Document Bates stamp numbered DR 0368- | 5 | I, Kurt A. Fetzer, Registered Diplomate |
| 6 | 0455 | 6 | Reporter and Notary Public, do hereby certify that |
| 7 | 9 Document Bates stamp numbered PO000016- | 7 | there came before me on Thursday, August 30, 2007, the |
| 8 | 18 | 8 | deponent herein, SHERRY CLODFELTER, who was duly sworn |
| 9 | 10 Document Bates stamp numbered DR 0214- | 9 | by me and thereafter examined by counsel for the |
| 10 | 0223 | 10 | respective parties; that the questions asked of said |
| 11 | 11 Document Bates stamp numbered DR 0346 | 11 | deponent and the answers given were taken down by me |
| 12 | 12 Document Bates stamp numbered DR 0331- | 12 | in Stenotype notes and thereafter transcribed by use |
| 13 | 0333 | 13 | of computer-aided transcription and computer printer |
| 14 | 13 Document Bates stamp numbered DR 0209- | 14 | under my direction. |
| 15 | 0210 | 15 | I further certify that the foregoing is a true |
| 16 | 14 Document Bates stamp numbered DR 0563- | 16 | and correct transcript of the testimony given at said |
| 17 | 0564 | 17 | examination of said witness. |
| 18 | 15 Document Bates stamp numbered DR 0211 | 18 | I further certify that I am not counsel, |
| 19 | 16 Document Bates stamp numbered P000021 and | 19 | attorney, or relative of either party, or otherwise |
| 20 | DR0208 | 20 | interested in the event of this suit. |
| 21 | 17 Document Bates stamp numbered DR 0465 | 21 | |
| 22 | 18 Document Bates stamp numbered P000139 | 22 | |
| 23 | 19 Document Bates stamp numbered DR 0195- | 23 | |
| 24 | 0199 | 24 | |
| | ERRATA SHEET/DEPONENT'S SIGNATURE | PAGE 104 | |
| | CERTIFICATE OF REPORTER | PAGE 105 | |
| | | | DATED: |
| | | |  |
| | | | <i>Kurt A. Fetzer</i> |

27 (Pages 102 to 105)

DEFINITION OF TERMS
APPENDIX A
DEFINITIONS AND EXPLANATIONS
OF PROVISIONS

1. **ABNORMAL MARKET CONDITIONS.** Abnormal market conditions are defined as circumstances where the market price of a security is significantly different from its normal price level. Abnormal market conditions may be caused by a variety of factors, such as economic recessions, political instability, or natural disasters. Abnormal market conditions can also be created by market manipulation or other illegal activities.

2. **ADVERSE SELECTION.** Adverse selection is a term used to describe the phenomenon where investors choose to buy securities that have performed poorly in the past, while avoiding those that have performed well. This can lead to a decline in the price of the poor performers, which can then attract more buyers, creating a self-reinforcing cycle of price declines.

3. **ANOMALY.** An anomaly is a deviation from the expected norm or pattern. In finance, anomalies refer to situations where certain investment strategies consistently outperform the market, even after accounting for risk and other factors.

4. **ASSET ALLOCATION.** Asset allocation is the process of dividing an investment portfolio among different asset classes, such as stocks, bonds, and cash equivalents, in order to achieve a desired level of risk and return.

5. **BETA.** Beta is a statistical measure of the sensitivity of a security's price to changes in the overall market. It is calculated by regressing the security's returns against the market's returns over a specified period of time.

6. **CAPITAL GROWTH.** Capital growth refers to the increase in the value of an investment over time, due to factors such as earnings growth, dividend payments, and price appreciation.

7. **CHARTIST.** A chartist is a technical analyst who uses price charts and other visual representations of market data to identify trends and patterns that can be used to predict future price movements.

8. **COEFFICIENT OF DETERMINATION.** The coefficient of determination, also known as R-squared, is a statistical measure that indicates the proportion of the variance in the dependent variable that is explained by the independent variables in a regression model.

9. **DETERMINANT.** A determinant is a factor that influences the outcome of a process. In finance, determinants can include interest rates, inflation, economic growth, and geopolitical events.

10. **DOWNside RISK.** Downside risk refers to the potential for an investment to lose value, rather than gain it. It is often measured by the standard deviation of returns or the coefficient of variation.

11. **EMPIRICAL TEST.** An empirical test is a method of testing a hypothesis by collecting and analyzing data from real-world observations. In finance, empirical tests are often used to evaluate the performance of different investment strategies and to identify new opportunities.

12. **EXTRACTION.** Extraction is a term used to describe the process of removing a portion of a security's price from the overall market price. This can be done through various methods, such as short selling or buying options.

13. **FAIR VALUE.** Fair value is the price at which a security would change hands in a fair and open market. It is often determined by a professional valuation firm or by a committee of experts.

14. **FINANCIAL ENGINEERING.** Financial engineering is a discipline that uses mathematical models and computer simulations to design complex financial products and structures. These products can include derivatives, structured products, and other innovative financial instruments.

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